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September 1

AND THE PARTY

Mary Tarre

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Application of



Media futures

Advertising on the net

Winston Fletcher, Page 13



Michael Prowse

The decline of US culture



Today's survey

Mr Spicer would not be

drawn on speculation that its

controlling stakes of First

National Bank, acquired when

Britain's Barclays Bank disinv-

ested, and Southern Life, a life

insurer, might be sold. These stakes, with a market value of

about Rebn (\$1.3bn), could

appeal to foreign companies

wishing to enter the South

Mr Spicer explained that the

review was prompted by the

need to position Angle for the

possible abolition of exchange

controls and an awareness

that some of the company's

with Standard Equities, a

South African stockbroker.

said it would make sense for

Anglo to dispose of its finan-

cial and non-core industrial

interests. He said that while

Angle had by far the most

powerful balance sheet in the

country, it already had a

"buge expansion programme

on its plate" within South

Lex. Page 18

African market.

Mr Michael Spicer, an Anglo investments had not produced

Africa.

Business travel

World Business Newspaper http://www.FT.com

MONDAY OCTOBER 7 1996

victims' assets

Union Bank of Switzerland and Swiss Bank Corporation will fight a vigorous defence against a \$20bn class action brought against them in New York for allegedly refusing to return money, jewellery and other assets depos-ited with them by victims of the Nazis. The case comes at a time of mounting controversy over the wartime role of Switzerland and its banks.

Eurotunnel to unveil refinancing plan: Eurotunnel is today expected to announce that its 225 creditor banks will convert £2bn (\$3.1bn) of their £9bn loans into equity in the troubled group at a little above its suspension price last week of FFr9.5 a share. The banks will gain just under 49 per cent of the group. Page 19

italy begins second Eni self-off: Italy will today open the second phase of the privatisation of Eni, the country's biggest oil, gas and chemicals group, by unveiling the size of the new stake to be sold to the public. Page 19

Russia and US supply UN funds: Financial collapse at the United Nations has been staved off by a payment from Russia as well as by funds from the US Congress which are hedged with tough conditions, the UN's financial manager said. Page 5

Lebed seeks to ease Nato tensions: Alexander Lebed, Russia's national security chief, will today meet Nato leaders in Brussels to try to reduce tensions over the western alliance's plans to expand eastwards. Page 2

North Korea holds US 'spy': North Korea said it had arrested a US citizen as a spy working for South Korea. The move drags Washington into a feud between North and South Korea over the deaths of 22 of the 26 North Koreans who landed by submarine in the South.

Bonn seeks to change pensions policy: The German government wants the country's am civil servants to contribute to their own pensions from 2001. Pension bills are expected to grow rapidly because many civil servants were nired in the 1960s and 1970s. Page 3

Brussels angers textiles industry: Suropean textiles and clothing industry execuives attacked a Brussels proposal to accelerate he liberalisation of Europe's textiles and clothng market without reciprocal market opening com other exporting countries. Page 2

ierbs boycott Bosnian parliament: losnian Serb politicians boycotted the inauguation of the new parliament, casting a shadow ver prospects for bringing together the two

tiebe plans new division: Siebe, UK-based ontrols and appliances maker, is today expected to announce the creation of an automotive ivision employing 5,000 workers at 25 sites orldwide to take advantage of consolidation in 2e components industry. Page 19

iotnar reaches tax deal: Octav Botnar, rmer head of Japanese car importer Nissan. K, is to pay £50m (\$78m) in UK taxes to settle a ve-year old dispute, a spokesman for the exiled usinessman said. Page 7

x-BET chief seeks £3.3m: John Clark, rmer chief executive of BET, today launches a 1.3m (\$5.1m) compensation claim in the High ourt following his dismissal from the business rvices group, Page 7

urt to decide whether to arrest Rao: Delhi court could today permit the arrest of V. Narasimha Rao by deciding whether to ant or deny bail to the former premier who as defeated in May elections. He has been arged with alleged involvement in political rgery. Page 4

wrency trading joins the Net: A London reign exchange market-maker is offering clits a 24-hour service for currency trading ing the Internet. Page 18

cropean Monetary System: The Bank of ain's decision to cut its key repurchase rate 50 basis points last week allowed the peseta narrow further in value against the D-Mark. e French franc remains the weakest currency the grid, while the Portuguese escudo moved ive the pesets. Currencles, Page 27; Lex,

.October 4, 1996 MS: Grid

hart shows the member currencies of the nge rate mechanism measured against the kest currency in the system. Most of the ncies are permitted to fluctuate within 15 per of agreed central rates against the other bers of the mechanism. The exceptions are D-Mark and the guilder which move in a 2.25

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Swiss face \$20bn EU keeps to deadline for reforming Maastricht

Leaders' agreed date could clash with UK elections

By Lionel Barber in Dublin

European Union leaders have agreed to stick to June 1997 as the deadline for concluding their intergovernmental review (IGC) of the Maastricht treaty, in spite of fears that the negotiations will be hostage to a British general election campaign in the spring.

After a weekend summit in Dublin, the 15 heads of government vowed to press ahead with the IGC timetable and claimed to have made progress in defining the scope of treaty changes.

The agreed deadline means critical negotiations on EU reform, involving changes in voting strength and other questions of national sover-

Serious bargainingPage 2 Major remains firm on single
Major remains firm on single
currency Page 7
Editorial CommentPage 17
LexPage 18

signty, will probably come to a head in the weeks before a British election, which must be held by May next year. If talks drag on, the ratification process is likely to fall foul of elections in France and Germany in 1998.

Chancellor Halmut Kohl of Germany and France's President Jacques Chirac plan to unveil a joint approach on all the outstanding issues before the next EU summit in Decemher. The Irish presidency has pledged to produce a draft treaty text in time for the Dub-

Mr Kohl and Mr Chirac rejected suggestions that they were scaling back their ambitions for the constitutional conference in order to focus on . the successful launch of the single currency in 1999.

The two allies insisted they would stick to plans to reform the EU to allow the entry of new members from central and eastern Europe and the Medi-

narrowing down to four priori-

ties: foreign and security policy; justice and home affairs; a general "flexibility" clause allowing countries to integrate at their own pace; and reform of institutions and decisionmaking, including the reweighting of votes to reflect better the size and population of the larger countries.

A broad consensus has emerged in favour of a "high representative" to speak for the EU in foreign policy, along-side a new "superside a new "super-Commissioner" who would combine the portfolios of trade and external political affairs. now separate. Each would be able to draw on a new policy planning unit in Brussels.

On justice and home affairs. most EU leaders agree that the present system based on conventions and loose cooperation between national governments is too cumber-

In spite of British reservations, support is growing for the European Commission to be involved without necessarily putting matters such as external border controls, immigration, or asylum policy under the European Court of

A Scandinavian-led push for "jobs chapter" in the new treaty is gaining ground, part in the offering. The comalthough Britain, France, and Germany are opposed.

British and French officials warned against fostering illusions that the EU could create new jobs, while Germany is worried that a treaty commitment to full employment could clash with the need for fiscal orthodoxy in the future monetary union. EU leaders have agreed to

leave the tricky issue of institutional reform and voting weights until the end of the talks, probably next spring under the Dutch presidency. Chancellor Kohl forecast that the EU would hold a special summit in March, although the timing could be difficult for Mr John Major, the British The IGC negotiations are prime minister, if it is held before the UK election.



Corsican nationalists are suspected of causing the explosion at the city hall in the French city of Bordeaux, where the mayor is Mr Alain Juppe, the country's prime minister. Mr Juppe, pictured centre with his aides inspecting damaged rooms in the ornate 18th-century building yesterday, had left the city some hours before the blast late on Saturday night

Report, Page 2

Picture: Process

western companies which were

Now, however, Anglo is

seeking to expand its interna-

tional mining interests and is

pressing the government to lift

exchange controls to allow it

to do this more rapidly. Earlier

this year, for example, it took

a minority stake - nearly 10

per cent, with an option over

another 18.4 per cent - in

Executives are questioning

whether it still makes sense to

tie up capital in non-core busi-

nesses, some of which have

economy and disinvestment of

the 1980s is almost certainly

unlikely to be in the era we

have, let alone the era we

could conceive five years down

The review, which had just

started and would take some

time to complete, was "quite

likely" to lead to disposals, he

said. One senior executive

went further, saying it was

"absolutely" certain there

would be asset sales.

director, said: "What was great returns.
appropriate in the hot-house Mr James Pi

Britain's Lonrho group.

not performed well.

the track.

under pressure to disinvest.

Russia to sell gas shares overseas at a premium

By Robert Corzine in London and John Thomhill In Moscow

Shares in Gazprom, Russia': biggest company, are to be offered to international investors at a price almost four times that of its domestically traded shares.

The company, the world's largest natural gas producer. will today launch a two-week roadshow in Europe, North America and Asia to persuade institutional investors to take American Depositary Shares, ordinary shares, at a price of \$14-\$16 per ADS. Ordinary Gazprom shares in Russia

The final price will be determined by the level of demand in a process to be completed later this month. The deposi tary shares will be traded on the London stock market, its first listing abroad. If the initial offering is suc

Anglo American review may lead to asset sales By Hugo Dixon Anglo American, the world's biggest mining group, has

launched a strategic review

which is expected to lead to the disposal of some non-core Anglo dominates the South African economy, controlling companies totalling almost 40 per cent of the Johannesburg

complex web of cross-shareholdings. operations - based on the De Beers diamond business, gold mines and other minerals -Angle has extensive interests industries and consumer industries. each of which represent 10 response to the dramatic changes in South African

trade at around 40 cents each. The international offering of just over 1 per cent of Gazprom shares is expected to raise about \$400m, but more sbares may be made available should demand warrant it.

Continued on Page 18

FOR CLEARER VISION Norwegian talks, Page 7 GO STRAIGHT TO THE TOP

stock market by value via a

As well as its mining

Anglo's strategic review is a

industry brought about by the

end of apartheid. Anglo accu-

mulated its current range of

businesses in the 1970s and

1980s because it was limited in

its ability to invest spare cash

outside South Africa. It was

also able to buy financial and

industrial assets cheaply from

Corporate Money Top 20 Venture Capitalists by deal value (1996 year to date) NO. OF DEALS DEAL VALUE EM VENTURE BACKER 1093.10 497.50 1 Cinven 4 2 Apax Partners 447.20 3 CVC Capital Partners 15 406.45 48 4 NatWest Ventures 392.12 384.90 5 3i Group 6 Kohlberg Kravis Roberts 369.30 307.00

7 Mercury Asset Management 8 Morgan Grenfell DC 221.60 9 Prudential Ventures 212.50 202.80 10 BZW PE 11 Schroder Ventures 201.50 12 12 HSBC PE 140.98 6 13 Murray Johnstone PE 65.48

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THE OUTLOOK IS BRIGHT

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US presses Palestinians and Israelis to resume talks

By Judy Dempsey in Jerusalem and Lionel Barber in Dublin

Israeli and Palestinian negotiators last night resumed peace talks after Mr Warren Christopher, US secretary of state, told both sides to reach concrete results "as "quickly

as possible." The talks, which opened at the Erez border crossing between Israel and Gaza, followed intense US pressure to get negotiations back on track after outbreaks of violence between Israeli and Palestinian forces.

Mr Christopher's remarks were made during a joint news conference with Mr Benjamin Netanyahu, after more than two hours of talks with the Israeli prime minister. At the press conference. Mr Netanvahu appeared more conciliatory towards the Palestinians. omitting direct criticism and recognising their needs, particularly economic hardships arising from Israeli closures of

lex1 eane

the West Bank and Gaza. The two sides were facing further pressure to reach agreement with the expected arrival of Mr Dick Spring, the Irish foreign minister, representing the European Union. His mission was sanctioned by EU leaders meeting in Dublin at the weekend, despite US objections to the EU assuming

a formal peace-broking role. Mr Spring's visit reflects concern in European capitals that US-led diplomacy is sidelining the EU, which is the biggest aid donor to the region. At the weekend summit of

EU leaders in Dublin, Irish officials said Mr Christopher had sent a letter welcoming Europe's support for US-led efforts to revive the 1993 Oslo peace accords, while issuing a veiled warning against appointing a special envoy.

Mr Christopher held separate talks in Gaza yesterday with Mr Yassir Arafat, president of the Palestinian Author-

insisted there would be no change to the Interim Agreement or the Oslo accords. adding "we must seek how best to implement the agreements - with Hebron first and foremost," a reference to the long-delayed redeployment of Israeli troops out of the town in the West Bank.

Mr Netanyahu has staunchly opposed the Oslo accords. which predate the Interim Agreement. But yesterday he appeared to soften, saying Israel was committed to implementing the Interim Agreement, although he would be seeking "adaptations."

"We did not propose to open the agreements," said Mr Netanyahu. "We proposed within the framework of the language of the accords and the various clauses in them, to make the necessary adaptations mainly on the security

Arab papers revive old 'Zionist enemy', Page 5 **Emerging markets, Page 26**

The US secretary of state CONTENTS

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LONDON - LEEDS - PARIS - FRANKFURT - STOCKHOLM - MADRID - NEW YORK - LOS ANGELES - TOKYO - HOME KOME

consi Bonds FT/S&P-A Wid Indices 24 Questions about the scope of EU reform refuse to go away. Lionel Barber reports

hether it is the taste of potatoes or sympathy for a divided country, Ireland brings the best out in Chancellor Helmut Kohl.

On Saturday evening in Dublin Castle, half way through the special EU summit on the future of the European Union, Mr Kohl was in splendid form, mixing acerbic wit with a sense of

Outsiders would scarcely have guessed that Europe's senior statesman had dropped a pre-summit clanger which had forced him to explain himself over lunch to his fellow 14 heads of government. But Mr Kohl recovered and his reassuring words calmed the mood at the Dublin summit.

The controversy arose from remarks Mr Kohl made in Dublin on Wednesday afternoon after talks with the Ireland's prime minister. Mr John Bruton. Though

ence (IGC) to review the Maastricht treaty which has been under way for the past

Mr Kohl was asked at a news conference how he would respond if the IGC yielded only minimal reform of the EU's institutions. The suggestion was that a modest result would jeopardise the EU's commitment to expand membership to countries from central and eastern Europe, and the Mediter-

The Chancellor replied it was too soon to judge the outcome of the IGC, but added: "We will probably not solve all the problems we face. Perhaps we will have a Maastricht 3."

The mere mention of a Maastricht 3 in the middle of the Maastricht 2 talks prompted speculation that Germany was scaling down its ambitions for deeper

go to the heart of the EUs because of pressure from intergovernmental confer- France.

This view has gained ground because senior French officials have been saying for months that the most important issue facing the EU is the successful launch of economic and monetary union in 1999. Once Emu is in place, the true pattern of European Many EU leaders agree.

Hence the astonishing u-turn by the Italian government, which has pledged to unveil a draconian budget in a dash to qualify for Emu in 1998; and the statement by Mr Antonio Guterres, the Portuguese prime minister, on Saturday that his country would join the single currency as a "political option", independent of its economic

Mr Kohl also believes monetary union is essential to propel Europe forward, but his worry is that, as in Maasseemingly innocuous, they political integration, partly tricht 1, he may not be able



Helmut Kohl at the

mentary "political union" especially if French public opinion remains so hostile to the prospect. Mr Kohl's talk of a Maastricht 3 looked like a warning to Paris.

On Saturday, Mr Kohl said he had been "wilfully misin-terpreted". Mr Werner Hoyer, his chief IGC negotiator, said European integracess, quipping: "There will be Maastrichts 3, 4, 5, and 6." Yet questions about the

scope of Maastricht 2 will not go away. Will the IGC result be enough to meet the EU's self-imposed test that it must prepare for a Union of 25-plus countries? Or will the reforms be sufficiently unthreatening to allow the British government, Labour or Conservative, to sign up on schedule at the Amster dam summit in June 1997? Britain's prime minister, Mr John Major, in testy

mood ahead of tomorrow's Tory party conference, urged EU leaders to "look before you leap". He said enlargement was much more important than reforming EU institutions. But the rest of Europe is convinced that without some changes in veto rights and the size of the Commission, enlargement would be a leap in the

All turns on the level of

ambition for the IGC. The first clues will appear in late November/early December when France and Germany will play their usual role of "motor" in the Union, offer-ing a joint way forward on issues such as foreign policy and home affairs, and "flexibility" which would allow

Around this time, the Irish presidency will be nudging the parties toward an agreement on a draft treaty text in time for the EU summit in Dublin in mid-December. Contrary to the impression of deadlock, the civil servants and legal advisers to the IGC have produced options on issues in treaty

some countries to integrate

more closely than others.

At the weekend, all EU leaders, including the expansive Mr Kohl, kept their cards close to their chest. But the time for serious bargaming is drawing closer.

EUROPEAN NEWS DIGEST

miss fac Hungary call for resignation

The Free Democrats, junior partners in Hungary's coalition government, called on Mr Tamas Suchman, industry and trade minister, to resign over a scandal involving illegal payments by the privatisation agency which comes under his control. "This can lead to a coalition crisis if Tamas Suchman is not fired. . . " said Mr Ivan Peto, Free Democrat chairman.

On Friday the government sacked the entire board of APV, the privatisation agency, saying it had made irregular payments of Fi300m (\$1.9m) to a lawyer who negotiated with municipalities on APV's behalf. The lawyer was working without a formal contract and before the work had been organised in line with APV

Mr Gyula Horn, the prime minister, defended his minister at a meeting of the Hungarian Socialist party. the senior coalition partner, over the weekend. He plans

Turkey's Libya visit backfires

The visit to Libya by Mr Necmettin Erbakan, Turkey's prime minister, designed to impress his Islamic supporters at home, backfired yesterday after Col Muammer Gadaffi, the Libyan leader called on the Turkish government to let Kurdish people set up their

"We would have never imagined when we came here that Gadaffi would say things like this," Mr Abdullah Gul a close aide to Mr Erbakan, told Turkish reporters in

Col Gadaffi criticised Turkey for cracking down on Kurdish rebels. "The state of Kurdistan should take its place in the spectrum of nations under the Middle Eastern AP, Tripob

Danes fear missile revenge

Danish police were on the alert for revenge attacks yesterday after an anti-tank missile fired at a Hell's Angels party killed two people and wounded 19.

Police named the victims as a 38-year-old candidate for membership of the motorcycle gang and a 29-year-old woman guest with no known connection to the gang.

Eleven people were still in hospital after the missile smashed through the walls of a Copenhagen club. Two were seriously injured and eight others were discharged

Police found a spent launcher and another with a live missile ready for firing on the roof of a building some 70 metres from the club. They said the weapons were among 12 stolen from a military store in Sweden in February

Madrid split on Basque 'war'

Mr Manuel Fraga, founder of Spain's ruling conservative Popular party, yesterday shrugged off as mistakes the crimes of a 1980s "dirty war" on Basque rebels, revealing a split in the party over how far to hound their Socialist

"It isn't state terrorism to fight against terrorism, even if it's badly done, even if it's done illegally," Mr Fraga, a former minister under the late dictator Francisco Franco, told the daily newspaper El País. His statements contrasted sharply with those of Mr

Francisco Alvarez Cascos, deputy prime minister, who last week accused Mr Felipe González, former Socialist prime minister, of having waged "bodeguilla terrorism" from a wine-cellar in his official residence where he and his aides used to hatch strategies.

The Supreme Court is considering whether to summon Mr González, who was in power from 1982 until May this year, over the 1980s campaign of kidnappings, bombings, them by mistake. Mr González has denied any role in the illegal drive against Eta Basque rebels. Reuter, Madrid

Ukraine teachers rally on pay

Up to 15,000 teachers rallied in Kiev yesterday to demand months of back pay, in a protest drawing attention to a \$1.5bn wage arrears crisis which has left millions of Ukrainian government workers unpaid.

Teachers and university professors arrived from across Ukraine to gather peacefully in central Kiev, joining smaller protests of about 2.000 teachers taking place in several other Ukrainian cities.

Many teachers have stopped working because the government has failed to fulfil promises to clear wage arrears, which are also owed to doctors, civil servant miners, students and pensioners. Reuter, Kiet

Savoie protest in Geneva

Hundreds of protestors calling for independence for the French Alpine region of Savoie demonstrated in front of the United Nations' Palace of Nations in Geneva yesterday after disrupting traffic near the Mont Blanc

Around 300 supporters of the Ligue Savoisienne, founded in 1994, heard Mr Jean de Pingon, its leader. denounce a treaty signed in Turin in 1860, under which the King of Sardinia ceded Savoie to France. "Historians have created the myth of a unanimous vote... by the people of Savole of 99.8 per cent," he said. "The vote was

1m German environment jobs

Nearly Im people in Germany make a living from environmental protection, making it almost as many as vehicle manufacturing, IFO, the German economic research institute said yesterday. Environmental protection directly employs 508,000 people while 448,000 are employed in manufacturing goods and services aimed at environmental protection.

Corsican nationalists focus of Bordeaux bomb inquiries

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Eberhard von Kuenheim, BMW AG

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Martin Taylor, Barclays Bank PLC J. Adair Turner, Confederation of British Industry Prof. Ekkehard Wenger, Würzburg University

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Herbert Quandt Stiftung

trating their inquiries on Corsican nationalists.

The bomb went off late on Saturday night some hours after Mr Juppé had left the south-western French city. Nobody was hurt, but the 18th-century building was damaged and a number of windows in the vicinity were

Mr Juppé, who returned to the site yesterday to inspect the damage, specifically referred to a "terrorist" attack, but investigators yesterday appeared to have ruled out Basque separatists, who have been responsible

summer and autumn last

scheduled to take place in Bordeaux early next month between President Jacques Chirac and Mr John Major, the British prime minister.

not the kind of man who lets himself be intimidated," he said. "The rule of law will prevail."

Mediterranean island.

sue the struggle"

While attacks had continued throughout the year, they have accelerated since this statement, coinciding with an apparently tougher police line against national-

There have been more than 50 explosions in the last few weeks, most of them aimed at public buildings in

acceleration in its campaign, and follows an attack on a Aix-en-Provence.

Investigators said the Bor-Basque terrorists recently.



Alexander Lebed arrives at Brussels airport yesterday:

Lebed and Nato leaders in bid to ease tensions

By John Thombill

Alexander Lebed, Russia's national security chief, will today meet Nato leaders in Brussels in an attempt to reduce growing tensions over the western alliance's plans to expand to the east.

Mr Lebed said yesterday he would make clear Russia's strong objections to Nato's military expansion, but he would table his own compromise proposals in an effort to avert confrontation. Arriving at Brussels air-

port yesterday for his first visit to the west, Mr Lebed sought to play down his recent harsh statements threatening economic and military reprisals against the west if Nato embraced central European countries.

"Some commentators of fil will have been saying that Lebed is threatening Nato with nuclear weapons, and saying Russia is ready to occupy some of these countries if there is the slightest move of Nato to the east." Mr Lebed said on arriving in

"These are the worst fairy tales of the cold war," he

Mr Javier Solana, Nato's secretary general, will host a series of informal political talks with Mr Lebed today, explaining the alliance's plans to embrace new members, including Poland, Hungary and the Czech Republic. Tomorrow the former Rus-

sian general will discuss his country's participation in joint peacekeeping duties in Bosnia with Gen George Joulwan, the US commander who leads Nato forces in Mr Lebed has made a

series of erratic and seemingly contradictory statements about Nato's expansion plans since he entered the Kremlin in June as President Boris Yeltsin's national security adviser.

He initially appeared to be unconcerned by Nato's plans, suggesting they were meaningless, but since being pilloried by nationalists as a western stooge, Mr Lebed has hardened his rhetoric and emphasised that Nato's expansion would jeopardise Russian security.

Brussels moves to free textiles angers industry

By Jenny Luesby

European textiles and clothing industry executives have described as "unnecessary and regrettable" a Brussels proposal to accelerate the liberalisation of Europe's textiles and clothing market without reciprocal market opening.

The plan to dismantle long-standing textile trade restrictions under the Multi-Fibre Arrangements is designed to head off a con-frontation at the Singapore meeting of the World Trade Organisation in December.

By giving away sensitive categories without obtaining concessions from major exporting countries, the Commission is missing an opportunity to pry open markets that remain closed textile imports, compared to European exports," said Mr Guy Arnould, head of target of 17 per cent.

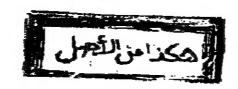
Euratez, the industry's main that the economic impact is lobby group. The European Commission likely to be limited, but says: "In matters of trade, had hoped to persuade the poorer countries to remove their own trade barriers in return for faster European liberalisation but the devel-oping nations rejected this. sels now aims to act

unilaterally. It plans to include several "sensitive" categories in the second stage of the MFA phase-out, due in January 1998, including some mass-market textiles such as woollen yarns and fabrics. It also plans to include products equivalent to 17.8 per cent of its 1990

with the Uruguay Round The industry concedes

especially when employment is at stake, free gifts are signs of weakness and no inducement to reciprocity."
There is also industry opposition to the inclusion of gloves, woollen yarns and fabrics and synthetic ropes in the phase-out.

Mr Benato Ruggiero, director-general of the World Trade Organisation, has attacked industrialised nations for not living up to the spirit of the Uruguay Round in their approach to the MFA phas



By Andrew Jack in Paris sions in the area. An attack on an official officials investigating an explosion building frequently used by this weekend at the city hall Mr Juppé is a particular in Bordeaux, where the embarrassment for security mayor is Mr Alain Juppé, forces, who stepped up surthe prime minister, yesterveillance in the wake of a series of attacks linked to day appeared to be concen-Islamic extremists in the

It comes ahead of the Franco-British summit

The French prime minister expressed his "indignation" yesterday at the attack, for which no advance warning was received. However, he did not believe it should drive people to panic. "I am

The FLNC-Canal Historique, largest of Corsica's several clandestine nationalist groups, declared in August the end of its "truce". This had been announced in January when the French government launched negotiations to help improve the economy of the battered

In mid-September, Mr François Santoni, head of the organisation, criticised Mr Juppe for his refusal to recognise Corsicans as a specific group, and warned that the nationalists would "pur-

The explosion on mainland France would represent an public building a few days ago in the southern city of

Mr Charles Pieri, another official of the FLNC-Canal Historique, who was badly hurt in a car bombing in Corsica over the summer. said buildings in mainland France could become targets if government negotiations came to nothing.

deaux bomb appeared to have been a plastic explosive or dynamite, and not a charge in a gas canister, the technique adopted by the

ANDAY OF

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CONTRACT OF THE PARTY OF

Swiss face signati \$20bn suit on Nazi gold

Banks plan vigorous defence of Nazi victim's class action

By William Hall in Zurich

Union Bank of Switzerland and Swiss Bank Corporation will fight a vigorous defence against a \$20bn class action brought against them in a New York court for allegedly refusing to return money, iewellery and other assets deposited with them by victims of the Nazis.

The class action, believed to be the first of its kind, was filed on Thursday in a Brooklyn court by Mrs Gizella Weisshaus, a Holocaust survivor, on behalf of all victims and survivors of the Nazis who had deposited money and property in Swise banks for safe keeping until after the second world war.

The case comes at a time of mounting controversy over the wartime role of Switzerland and its banks. On Friday, the US State Department announced a thorough and immediate study" of the US government's knowledge about the disbursement of Nazi assets and its contacts with the

Switzerland has come re-open the 1946 Washington

paid SFr250m (\$192m) to settle Allied claims on looted Nazi assets left in Switzerland. Mr Nicholas Burns, the US state department spokesman, said on Friday it was "just too early to tell" whether Washington would seek to reopen negotiations with Switzerland.

Mr Bill Slaney, chief historian at the US State Department, will lead the study, which should last two to three months. Its results will be published and the US government intends to discuss the findings with the Swiss government and the world Jewish community. UBS and Swiss Bank Cor-

poration yesterday issued a joint statement saying they would be taking action to refute the lawsuit's "untenable allegations". They stressed they were "co-operating fully" with the Swiss Banking ombudsman whose job is to process all such claims made by heirs of holocaust victims.

The Swiss banks have been slow to respond to recent accusations they may still control huge sums of under increasing pressure to looted Nazi gold and money and valuables belonging to agreement under which it holocaust victims.

Hans Meyer, Swiss National Bank chief, urges shock treatment

Swiss economy on the ropes

chairman of the Swiss National Bank, has inherited not one but two problems which would test the skills of the world's most skilled central banker, let alone one who has only been in his job six

Internationally he is being asked to explain the seemingly indefensible wartime actions of his predecessors in buying looted Nazi gold. At home he is under pressure to solve Switzerland's worst period of economic stagnation since the 1930s.

The chances of Mr Meyer rescuing the Swiss economy from its six-year slough are somewhat higher than his chances of turning around hostile world opinion about the wartime role of the Swiss central bank. Nevertheless, he faces an uphill task particularly since the Swiss franc's role as a currency "safe haven" will increase in the run-up to European monetary union.

Whenever there is a fresh

bout of uncertainty about

the prospects for Emu, the Swiss franc comes under upward pressure and this exacerbates the SNB's efforts to restart an economy which has been stalled for the last six years. As recently as this summer most economists were expecting the Swiss economy to grow faster than last year. Now, however, the consensus is that it will shrink

Swiss stagnation Real GDP (annual % change) Annual change in exchange 3.0 25

not start until next year. This was the background against which the bank wheeled out one of the more trusted, but old-fashioned weapons in a central bank's armoury last month. It cut its discount rate from 1.5 per cent to 1 per cent, its lowest ever. The move is primarily symbolic, since the SNB has been injecting extra liquidity into the Swiss money markets since August with the result that short-term interest rates have fallen from 2.5 per cent to 1.3 per cent and federal bond yields have

fallen below 4 per cent But the SNB backed its action with a statement that it expected the interest rate decline to "continue for some time". This may be a tall order since Japan is the only other country to have a and apart from a brief period at the end of the 1970s, when this year and recovery will the SNB cut its rate to 1 per strains show.



cent to discourage foreign capital inflows, the only

other time Switzerland's discount rate has been as low was in the 1930s The parallels between the 1930s and the 1990s have not heen lost on the Swiss, Rising unemployment and increasing job insecurity have taken their toll on consumer confidence and the 15 per cent appreciation of the currency over the last two vears has undermined

Swiss economy. Between 1949 and 1985 the economy grew by 3.2 per cent a year and while the pace slackened in the second half of the 1980s it was still in line with other European states. However, for the last six years Switzerland has been the worst performing European economy, apart from Finland, and

export growth, one of the

traditional pillars of the



The latest forecast by KOF/ETH, a leading Swiss research body, expects the economy to grow by 0.9 per cent in 1997 followed by 1.9 per cent in 1997. However, its forecast assumes a decline in the Swiss franc's effective exchange rate and its optimism does not extend to the labour market where it sees unemployment continuing to rise.

Mr Simon Marshall-Lockyer, an analyst with Nat-West Markets in Zurich. believes this could lead to a much more radical political debate in Switzerland. The issue could even split the four-party coalition which has dominated the political scene for the last 40 years. though this view is not shared by mainstream commentators.

Nevertheless, the high level of unemployment is being blamed for a slump in consumer confidence far

and 1982 recessions. If the economy is to break out of its six year stagnation, it will require a spending recovery largely dependent on a sharp improvement in consumer confidence.

Mr Erich Müller, finance director of Sulzer, a leading Swiss engineering company, has welcomed the cut in the discount rate but does not believe Swiss industrial competitiveness will be restored until the franc rate moves back to the \$1.30 level.

Professor Jean-Christian ambelet of the University of Lausanne, argues it is too much to expect the Swiss National Bank to shoulder all the responsibility for would like the authorities to cut income tax and impose a two-year moraforium on public spending cuts, believing the economy will only get going again with some

"shock treatment". The prospects of this happening soon are slim, which means that Mr Meyer and the bank hold the key to economic recovery. However, with interest rates now at historically low levels, the central bank is running dangerously short of ammunition to counter any speculative inflow into the franc caused by Emu worries, and it it is far from clear that the latest discount rate cut is enough to restart rebuilding

Serbs boycott opening of new Bosnian parliament

By Laura Silber,

Bosnian Serb politicians boycotted the inauguration of the new parliament at the weekend, casting a shadow over prospects for the development of multi-ethnic institutions aimed at welding together the two halves of the war-torn country.

International mediators failed to convince Mr Momeilo Krajisnik, the hard-line Serb representative

to Bosnia's new collective presidency, and 10 Serb deputies to the 42-seat House of Representatives, to attend Saturday's inaugural ceremony at the national theatre in central Saraievo.

Instead, Mr Alija Izetbegovic, Moslem chairman of the threeman presidency, and Mr Kresimir Zubak, his Croat counterpart, swore "to support and defend the constitution of Bosnia-Hercegovina" in front of a host of foreign dignitaries. They also promised to

"fully respect the peace agreement" and defend the equality of Bosnia's Moslems, Serbs and

Mr Krajisnik's empty chair shows the difficulties in building common institutions joining the Moslem-Croat Federation and Republika Srpska, the Bosnian Serb entity, envisaged in the Dayton peace agreement.

The joint governing institutions, which the Dayton accords say must operate by national con-

sensus, are also facing paralysis. Bosnia's presidency must nominate a government, divided among Moslems, Serbs and Croats, and Serb deputies must be present when the House of Representatives chooses a speaker and

After weeks of tug-of-war diplomacy the Serb boycott came as no surprise in spite of a successful first meeting of the presidency last Monday. Western officials put a brave face on it, predicting that

other top posts.

September 14 elections. "The Serbs will be ready to sign the solemn declaration as the others did." said Mr Michael Steiner. German ambassador and deputy to Mr Carl Bildt, chief interna-

tional envoy to Bosnia. Mr Krajisnik's claim of fears for his personal security were seen as a pretext for refusing to swear loyalty to a unifed Bosnian state. As the right-hand man of the for-

Bosnian Serb leaders would join mer Bosnian Serb leader Radovan the new institutions chosen in the Karadzic, during the war and the election campaign Mr Krajisnik advocated a separate Serb state. The boycott came after the UN Security Council permanently lifted sanctions against Belgrade

last Tuesday. While the Serbs count on the Russians to veto any new sanctions the Security Council expressed willingness to consider new measures if the parties blocked the

implementation of Dayton.

Bonn in shift on pension policy

By Wolfgang Münchau in Frankfurt

The German government wants the country's 2m civil servants to contribute to their own pensions for the first time from the year 2001.

In a rushed announcement prompted by media leaks, Mr Manfred Kanther, interior minister, said civil servents should forgo 0.2 per cent of their annual wage rise from 2001 to help to

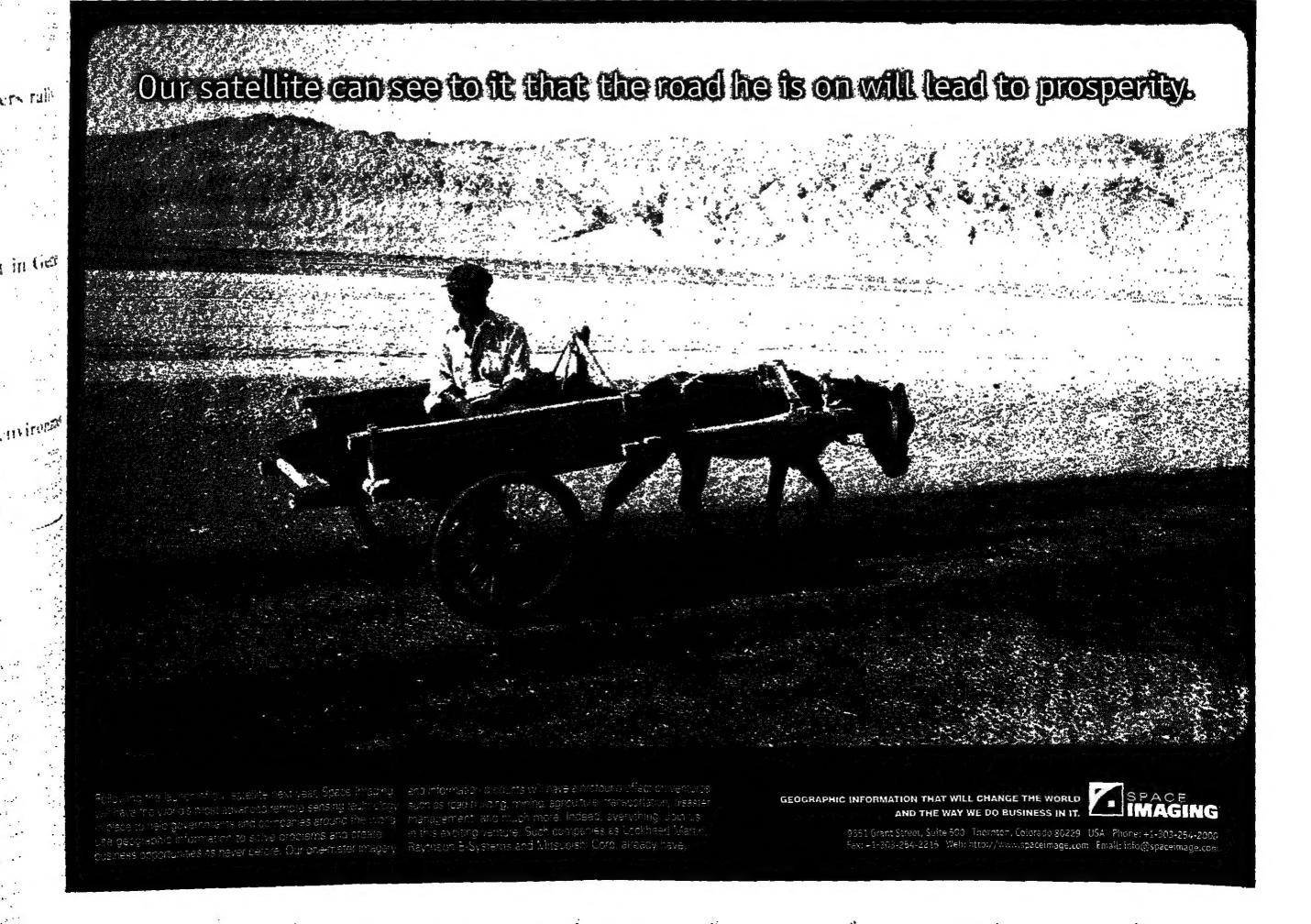
fund their pensions. The proposals mark the first time a German government has touched the politically sensitive issue of civil service reform. Pension bills are expected to grow rapidly in the next two decades because of the retirement of large number of civil servants hired in the 1960s and

DBB, the civil service trade union, attacked the reform as unconstitutional while the opposition Social Democrats criticised the proposals as too timid. Mr Kurt Beck, state premier of Rhineland-Palatinate, said what was needed was "comprehensive structural reform of the entire public

sector". In Germany, most teach ers and university lecturers are civil servants, and so are many employees at Deutsche Telekom, train drivers and postmen.

The continued privileges enjoyed by the civil service, especially the constitution ally enshrined protection from dismissal, stand in sharp contrast to the clampdown under way in the private sector.

Yesterday's move is part of the wider debate over what level of welfare Germany can afford. Leaders of IG Metall, the engineering union, and Gesamtmetall, the engineering employers. will today hold an emergency meeting in the hope of calming a bitter industrial dispute over cuts in sick pay.



African

tour

brings

for US

criticism

By Michela Wrong in Nairobi

Mr Warren Christopher, the

US secretary of state, today

kicks off a five-nation tour of

the continent. But there are

few signs Africans appreci-

ate the honour of receiving

and Mr Christopher, may

stress that Africa matters to

the United States," accord-

ing to Mr George Moose,

assistant secretary of state

has been undermined by sus-

picions that one of its real

aims is to persuade African

have to soothe some bruised

such a high-ranking visitor

egos.

The trip's purpose — to

A Delhi court could today permit the unprecedented arrest of a former Indian prime minister by deciding whether to approve or deny bail to Mr P.V. Narasimha Rao, who has been charged with alleged involvement in a political forgery case.

The court issued an arrest warrant for Mr Rao on Friday, but later stayed its delivery after his lawyers rushed in a late evening application for bail. The lawyers argued that Mr Rao, Congress party prime minister from 1991 until electoral defeat in May, "is an old person of 76" and has "serious medical problems", which they said included diabetes

and heart problems. Denial of bail would leave Mr Rao, already due to answer court charges of complicity in a separate \$100,000 swindling case, facing the deeper ignominy of a stay in Delhi's Tihar prison. Indian newspapers yesterday, commenting on his alleged "sickness", recalled his spokesmen rebutting rumours of his ill health late last year by saying then he

was in robust good health. Mr Prem Kumar, Delhi's chief metropolitan magistrate, issued non-bailable arrest warrants on Friday against three others in the case. Mr K.K. Tewary, a former Congress minister, Mr K.L. Verma, former director award of phoney contracts.

of India's enforcement directorate and Mr Larry Kolb, the son-in-law of Mr Adnan Kashoggi, the arms dealer. The arrest of Mr Rao

would be likely to hasten his departure as parliamentary party leader of Congress, which he retained despite resigning as party president on receiving the earlier summons in the cheating case. The accused in the "St Kitts" forgery case allegedly conspired in 1989 with the intent to smear the son of Mr V.P. Singh, then spearheading opposition attacks on Mr Rajiv Gandhi's Congress government - notably in the award of a big artillery supply contract to Bofors, the Swedish arms group.

Mr Rao is alleged to have aided in a plot to forge documents suggesting Mr Ajeya Singh held an illegal foreign currency account in the Caribbean island of St Kitts.

The swelling tide of scandals is also threatening to engulf the Janata Dal party. the biggest single component of the governing United Front. Mr Laloo Prasad Yadav, chief minister of Bihar and Janata Dal party chairman, rushed to Delhi at the weekend, apparently to defuse a growing row over his alleged involvement in a long-running "fodder scam" - in which officials of the state's animal husbandry

department are alleged to

have misappropriated tens of

millions of rupees through

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Rao awaits | Jiang looks to boost his image

Plenum may bolster president's claim to post-Deng mantle, says Tony Walker

jingshen wenming jianshe, or to "build spiritual civilisation", is hardly a catchy political slo-gan, but for China's presi-dent Jiang Zemin it represents something of a "make-or-break" attempt to

further define his leadership. The Communist party's central committee is due to begin a critical plenary session today which aims both to bolster Mr Jiang's position as "first among equals" in the Chinese collective and also refurbish a tired communist ideology well past its use-by" date.

The plenum will endorse a lengthy document spelling out what is meant by "spiritual civilisation" as an antidote to rampant corruption and money-worship spawned by rapid economic change, and also provide justification. for a new oriental authoritarianism, or control-mechanism, based on Confucian ethics.

Mr Jiang, the cautious bureaucrat, is looking to China's past for guidance to deal with modern challenges. His embrace of traditional values is something of a gamble since such a move hardly appears forward-looking, but his supporters argue the campaign represents the best means of charting a course between discredited old-guard communism and western-style democratisa-

tion which risks chaos. Of course, uppermost in the minds of China's rulers is a desire to construct a system which protects the party's monopoly on power. The fate of fraternal organisations in the former Soviet Union and eastern Europe is

The Chinese phrase a lesson which has not been lost on the Chinese leader-

> Mr Jiang, who is bidding to succeed the ailing Deng Xiaoping, China's patriarch, has staked his political fortunes on the "spiritual civilisation" campaign, seeing in it the means to add a moral veneer to the "get rich is glo-rious" Dengist policies of

reform and opening. The official China Daily, in commentary marking National Day on October 1. stressed the campaign against "materialism" and corruption.

"For years, despite the central government's

Jiang's supporters say his campaign represents a course between discredited old-guard communism and western-style democratisation

repeated emphasis on educating people with lofty ideals. . . many people. including some leading officials, failed to take it seriously," the paper said.

Curbing corruption will not prove easy. Corruption permeates most levels of society in spite of a crackdown launched in August, 1993. Among problems facing Mr Jiang in his drive to "purify" the state is the fact

that high officials and their families are deeply involved

in corruption. However, China's leader, having embarked on his chosen course, has little choice but to press on with his dual attempts to cleanse society and repackage old state ide-

The risk for Mr Jiang is that his campaign will fall flat and he will be shown to lack authority: in effect, China's putative new emperor will be revealed without some of his clothes.

But for the moment, the party plenum, which is scheduled to last until midweek, is expected to improve the 70-year-old Mr Jiang's prospects of claiming the post-Deng mantie. "What the plenum is about

is strengthening Jiang Zemin's position with the most likely outcome being that he will edge ahead a few points in the Chinese version of opinion polls, but this will not necessarily completely secure his position," said a western official. While the central commit-

tee gathering's primary task will be to endorse the new "spiritual civilisation" document, perhaps a more important function will be to provide something of a dress rehearsal for the 15th National Party Congress late

Held every five years party congresses are seminal events and the next one assumes greater-than-normal importance because it will both sanction a new post-Deng leadership and also policies to carry China past

Manoeuvring among China's political factions has

Jiang Zemin: embrace of traditional values is a gamble

been intensifying in the countdown to next year's congress, sharpened by indications that Mr Deng's health is continuing to dete-

China's patriarchal leader, who turned 92 in August, has not been sighted in public since 1994 and is said to be so frail that he is barely

able to acknowledge visitors. Factional rivals broadly grouped around Mr Jiang's cautiously centrist mainstream and reformist elements led by Mr Qiao Shi. who is number three in the hierarchy, have been more actively competing in recent

But for propaganda pur-

poses, and because the script will have been written in advance, China's leaders will be at pains to show solidar-

Efforts to build a more just civil society based on traditional values is a "motherhood issue" among top leaders, although there will be those such as Mr Qiao who may be suspicious of Mr Jiang's real motives.

Mr Jiang may be inching forward in his efforts to put his mark on Chinese history like his predecessors Mao and Deng, but he still has a long way to go.

This week's plenum is, at best, a stepping stone along

nations of the rightness of Washington's campaign to replace Dr Boutros Boutros Ghali as UN secretary gen-During a stopover in Addis Ababa, Mr Christopher will meet Mr Salim Salim head

of the Organisation of African Unity (OAU), being touted as a possible replacement for Dr Boutros Chall whose reappointment Wash ington has vetoed. The local media have also been quick to accuse Mr Christopher of trying to win pre-election. points among America's black constituency in next month's US elections

"The Clinton administra tion has from the very start contributed to the perception of the continent's creeping irrelevance, Kenya's Daily Nation said in an editorial, dismissing the visit as "a virtual campaign stop". The trip starts in the West

African state of Mali, one of Africa's few successful democracies. where Mr Christopher meets President Alpha Oumar Konare. 15 skirts Liberia and Nigeria, which would have been con sidered natural stops in the past but are now viewed as too controversial, opting for Ethiopia instead. There Mr Christopher is expected to discuss Washington's latest proposal for a 10,000-strong African peacekeeping force to intervene in crisis-spots in a humanitarian role, setting

up safe havens. Western countries have for years been encouraging the OAU to police its own continent and Washington's suggestion appears to have been triggered by the col summer of attempts by East African countries to pull together a peacekeeping force for Burundi. US officials have been touring Africa and Europe testing support, and the response from African countries has been warm with Ghana, Zimbabwe and Rwanda offering to contribute troops.

The reaction in European capitals appears to have been cooler and the question of who will fond the operation and approve its missions remains vague. Mr Moose told journalists last week the US would pay "our fair share" of the \$25m-\$40m cost of training and equipping the force. The rest, he said, would come from the United Nations, with the force answering to the UN Security Council, But Ms Madeleine Albright, UN ambassador, said the organisation lacked the resources and there was some "reluctance" to take responsibility for such a force.

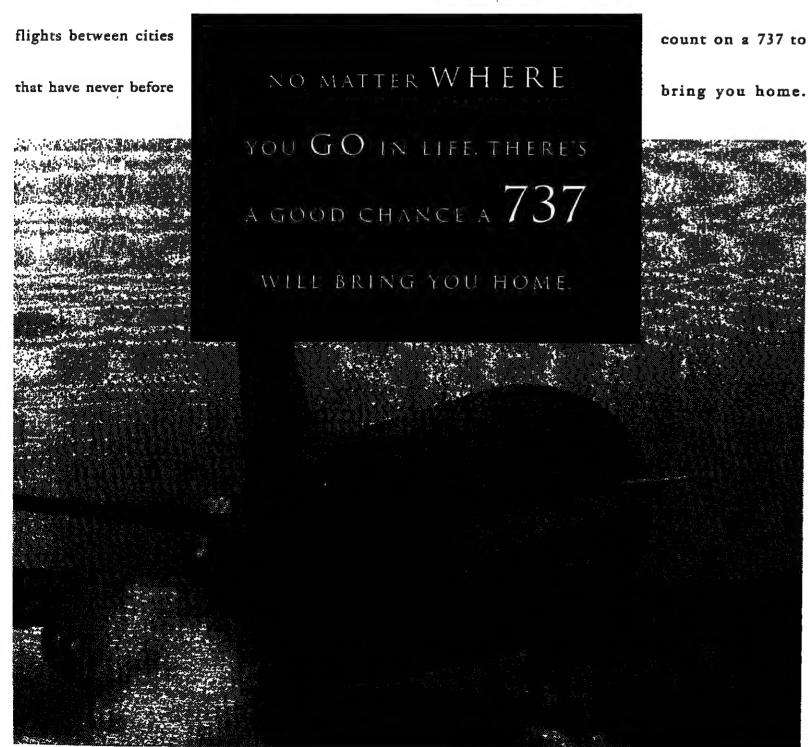
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BOEING

Mahathir's grip tightens as Umno election looms

By James Kynge in Kuala Lumpur

The triennial election for top posts in Malaysia's dominant political party, the United Malays National Organisation, used to be the most pivotal event in the country's political calendar. tions to be held this week, things are different.

Several rulings restrictions have meant that the election may prove more interesting as a window on the nation's democracy than as a vehicle for the redistribution of political power.

Umno has dominated domestic politics since independence in 1957 and is the leading force in the 14-party Barisan Nasional ruling coalition. Because the party leader has gone on to be the country's leader, the poll is seen as having more impact than general elections on

the political landscape. However early this year, Umno's supreme council decreed that, for the first time, the leadership would not be contested in the party elections. Dr Mahathir Mohamad, who has narrowly survived challenges in the past, will therefore stay as party president and keep his job as prime minister. The position of deputy presiIbrahim, deputy prime minister, will also be safe.

Mr Anwar is Mahathir's likely succe and political observers had hoped this year's polls might shed light on his party power-base and there-fore the pressure on Dr But a ban on campaigning in the run-up to the election on Thursday has denied the issues and made it difficult for analysts to judge the level of support for key politicians.

"Normally, you would expect an absence of campaigning to favour the incumbents," said one polittcal analyst, who declined to be named. "If so, this will increase the chances Mahathir retaining or increasing his dominance within the party."

Dr Mahathir yesterday defended the ban on campaigning as a means to stamp out vote buying, which he said has become institutionalised. The prime minister, who says Malaysia is following a style of democracy different from the west, also maintains that the execution of government policy should be kept as free from political disruptions as possible.

United Kingdom

U.S.\$2,000,000,000

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DAY OCTOBER!

UN lifted by payments from Russia, US

The spectre of a financial collapse at the United Nations has been stated from Russie as well as tunds from the US Congress tunds from the US Congress the ure hedged with tough control are hedged with the UN's ditions, according to the UN's manager.

in Joseph Connor, who was chief executive of the accounting Erm Price Waterhouse before moving to the UN, said that, in the summer, the world body had

cash crisis had been eased by two low council members China and factors - a spectacular promise by Russia to pay \$400m in outstanding dues, and funding ros Ghali, the UN secretarypledges by the US Congress which are tied to hard but not impossible conditions on UN reform.

The UN administration chief halled the "extraordinary commitment" made by Russia, which had already paid \$210m of its promised contribution and vowed

rity Council is one of its main diplomatic assets. Russia and fel-France have pledged their continued support for Mr Boutros Boutgeneral, despite Washington's

re-election. Mr Connor defended the UN's effort to streamline itself and cut costs, saying "we are well on the way to meeting most of the criteria" set by the US Congress for

The US last week paid \$150m

tion paid in the previous week to coincide with the visit to the Gen-

on strict adherence to a programme of savings and staff cuts.

at economising, which involve keeping annual expenditure at or the 91 countries who were below the current level of \$1.3bn without allowing for inflation, tributions to peacekeeping. were "as good as any government in the world has achieved".

The UN Secretariat's staff of around 10,000 is being cut by about 1,000 during the current biennial budget, covering 1996 and 1997, and another 600 job

week to discuss his efficiency get would face a \$125m shortfall drive with senior UK officials, at the end of the year.

flow would help to pay some of waiting to be reimbursed for con-

For several years the UN has been forced to plug the holes in its regular budget by plundering the separate peace-keeping account - and leaving itself unable to repay troop contribu-

Even on an optimistic scenario. Mr Connor, in London last Mr Connor said, the regular bud-

cluded: that it never had any

prospect of succeeding

Egyptian President Hosni

Mubarak won great respect

in the Arab world for his far-

sightedness and his refusal

to take part in the staged

performance," said Leba-

had ended in a silence that

befitted state funerals, "Ben-

jamin Netanyahu came out

of the tunnel he dug in the

As-Safir said the summit

non's as-Softr.

NEWS IN BRIEF

Texaco in Kazakh gas deal

Texaco, the US oil company. is soon to join British Gas and Agip of Italy in a troubled but large gas condensate venture in Kazakhstan. according to a senior Kazakh

An accord to allow Texaco to take a 20 per cent stake in the multi-billion dollar project has been signed, but is awaiting approval by the

Kazakh government. Mr Nurlan Balgimbayev, Kazakh oil minister. announced last week "Karachaganak will have two new partners", and mentioned Texaco, US oil company, and Lukoil of Russia. Thoenes, Almaty and Robert Corzine, London

HK terminal plan

A senior Chinese official yes terday launched an attack on a plan by the Hong Kong government to build four new container terminals. The plan to build Container Terminal 10 to 13 on Lantau, an outlying island in Hong Kong, was renewed after China and Britain reached accord on Container Terminal Nine last month. Reuter, Hong Kong

China land ban

China's communist government has for the first time since it took power in 1949 prised open a ban to lease land to foreign investors in the north-western Xinjiang region, the China Daily Business Weekly said yesterday. The regional government is leasing rights on 16,000 bectares of land to attract advanced foreign technol-Reuter, Beijing

CORRECTION

gether for lack of cash.

But since then, he said, the

to send the remainder soon.

insistence that it will block his

the disbursement of further bud-

into the UN budget, bringing the world organisation's total debts down to around \$2.5bn, of which \$1.5bn is owed by Washington. This follows a \$40m US contribu-

eral Assembly by President Bill Clinton. However the US Congress has warned the UN that continued contributions will be dependent

losses are expected in 1998.

Moscow and its CIS allies unite on perceived threat from Afghanistan Central Asia eyes Taliban

Soviet republics of Central Asia made a show of unity at the weekend in the face of a Taliban assault in neighbouring Afghanistan, even as one Taliban leader pledged that they had nothing to worry

Taliban forces, the Islamic fundamentalists who have taken control of about three-quarters of Afghanistan, bombarded the outposts of rival Afghan warlord Ahmad Shah Masood yesterday after consolidating newly taken peaks at the entrance to his Panishir valley stronghold south of the Tajikistan bor-

If Mr Masood were to lose control of the valley, the Tajik opposition and refugees who have been his guests could flee back into Tajikistan, possibly with Mr Masood on their heels. Some observers even predict that Taliban would support the Tajik opposition in their four-year war against the communist government in Dushanbe, which has been supported by Moscow.

Mr Victor Chemomyrdin, -Russia's prime minister, met our Central Asian presilents on Friday night to preare a joint response to such cenarios, threatening force of Taliban were to cross the order. On Saturday, Mr jevgeny Primakov, Russia's preign minister, announced loscow would reinforce its oops on the Tajik-Afghan -order

pass before the harsh winter sets in next month. Either way, Mr Mullah Mohammed Ghous, acting foreign minister for the Taliban in Kabul, yesterday said the nations of former Soviet Central Asia had nothing to fear from Tal-



ben Islamic Movement is to restore peace and security within the borders of Afzhanistan and establish a strong central government, Reuters quoted him as saying. "It does not intend to interfere in the internal

affairs of other countries." Mr Ghous also said his caretaker government would attempt to strike an accord with its second big rival, Mr Abdul Rashid Dostum, an ethnic Uzbek who controls six northern provinces from

ussia and the former But experts say Taliban the city of Mazar i-Sharif. Mr Soviet republics of will be hard put to take the Dostum, well armed and Dostum, well armed and strongly positioned at the Salang tunnel 90km north of Kabul, controls the other main throughway to the former Soviet Union.

While Taliban appears unlikely to encroach on Central Asia, experts predict its perceived threat may actually boost chances for peace and unity inside Central Asia, at least in the short term. Mr Imomali Rakhmonov, the Tajik president, on Friday said his government hoped to sign a peace accord with the opposition in mid-October, in a planned sum-

"Fear of the Taliban could make them unite," said Mrs Shirin Akiner, a Central Asia expert at the University of London, "The Taliban are much more extreme than the Tajik opposition."

Taliban has also encouraged the Central Asian states to rely on Moscow's support once again. Mr Alexander Lebed, secretary to Russia's Security Council, has appeared keen to exploit that trend, warning of a Taliban assault on Uzbekistan. During a visit to Brussels on Sunday he called the situation "very tense" and said that "there is a movement towards the borders of Uzbekistan and Tajikistan, first moves towards implementing notions of joining

parts of Tajikistan to Afrikanistan" Even Iran has appeared keen to side with Russia, distancing itself from both Taliban and the Tajik opposition. Iran has supported the Tajik opposition in the past but its influence has waned, which means it would lose little and possibly gain a lot by supporting peace initia-

Mr Islam Karimov, Uzbekistan's powerful president, has been content to stay clear of Moscow but in this case the interests may coincide. At Friday's summit he said the former Soviet states should act jointly to ensure that Mr Dostum, who has relied on Uzbek support, maintains control of the Salang tunnel. Mr Chernomyrdin, standing by his side. made no attempt to contra-

Saparmurat Niyazov, president of Turkmenistan, failed to appear at the emergency summit in the Kazakh capital of Almaty. Mr Niyazov and Unocal, the US oil company, say they have Taliban support for construction of gas and oil pipelines across Afghanistan to Pakis-

"Senior Central Asian officials have been telling foreigners for some months now that they suspect the Taliban are equipped by the US and Pakistan," Mrs Akiner said. "They not only have helicopters, they have people who can fly them. Who trained them?

INTERNATIONAL PRESS REVIEW

Arab papers revive old 'Zionist enemy'

MIDDLE EAST

By Roula Khalaf

During the years of the peace process, the moves towards normal relations between Arabs and Israelis saw the traditional anti-Israeli rhetoric in Arab newspapers toned down. But now the "Zionist enemy" is making a comeback. By last week, as Palestinian anger turned to bloody clashes und the Washington Middle East summit failed to produce results, the Arab press had dropped all cordiality.

Israel's new hardline pre-

mier, Mr Benjamin "Bibi" Netanyahu, has inspired nasty poems and insults. ranging from being called "netan", which means rotten in Arabic, to "compulsive liar" and "the man who landed from another planet". The feeling of betrayal. anger and frustration now permeating the Arab world. and the Arab press, was summed up in a piece by Lebanese writer Samir Atallah in last Thursday's Saudiowned pan-Arab daily

Asharq al-Awsat. "On the streets, in newspapers and in cafes, politics used to be the only topic of discussion and politics was Palestine. Books were pub-Sander Thoenes lished for Palestine and parties formed for Palestine and summit had finally conleaderships made on Palestine." he recalled. Then as the peace process took off. Arab writers who had called for a peaceful settlement were vindicated while others were stricken with guilt for having failed to appreciate the logic of peace.

"Then appeared Benjamin Netanyahu holding a gun and he fired at the atmosphere of normalisation and at the language of peace and brought back 'the enemy' to the headlines... Netanyahu had promised us he will destroy it ail."

The pan-Arab daily al-Hayat, published in London, had pinned little hope on last week's Washington summit, called by US President Bill Clinton to calm the tensions. It will lead nowhere, predicted editor Jihad Khazen earlier last week. because "the prime minister of Israel lies as naturally as he breathes... As a professional liar, he will promise but he won't deliver."

The Arab press declared the summit a failure and the future bloody, and turned to the elusive need for Arab solidarity to stand up to Mr Netanyahu's policies.

"The biggest, in fact only winner (in the Washington summit) is the man who by his absence said what the

holy city of Jerusalem [which sparked the recent bloodshed] while Yassir Arafat remains stuck in it..." In Syria, the staunchest critics of Israel, there was

little question of what should come next. "Arabs should not waste time waiting for any gesture from Netanyahu's government. . They should sever ties with Israel." said Syria's official al-Boath. At the Arab summit in June, Arab states had agreed that further rapprochement would be tied to moves on peace on the basis of a land-for-peace formula.

But amid talk of the need for Arab solidarity, Palestinian pan-Arab daily al-Quds al-Arabi pointed out that the opening of the tunnel, which touches on an issue dear to all Arabs and Moslems, had generated precious little

reaction in Arab capitals.

Panama

In the FT survey of Panama published on October 1, the first name of Mr Ricardo Alberto Arias, minister of foreign relations and former Panamanian ambassador to the US, was incorrectly

For a man of 50, life still has a lot to offer. Even after a heart attack.



At 50, men are said to be in their prime of life. Despite some stress, most of them feel good about themselves. They don't miss out on the fun just because of a little high blood pressure.

With a single blow, all that can come to an end.

A stabbing pain in the chest caused by a blood clot in a coronary blood vessel calls

> The first few bours after are vital.

for immediate action. At this point, every hour,

even every minute, is crucial. The quicker the heart attack victim receives medical assistance, the greater his chance of survival.

Nowadays, doctors in hospitals can make use of a number of reliable tools to save such patients. For example, they can administer a thrombolysis medication which dissolves the blood clot and allows the blood to flow freely again.

Once the patient survives the initial heart attack, treat-

ment focuses on avoiding a reinfarction. This is why our pharmaceutical division Hoechst Marion Roussel is committed to continuing its intensive efforts in this fields. We are currently testing a substance that contains an active agent borrowed from the leech, a promising followup treatment to prevent the recurrence of coronary throm-

Another vital aim of our research focuses on developing a new substance that goes right to the roots of the problem. It counteracts inadequate circulation in heart tissue, thereby minimizing the risk of heart attack before the trouble has a chance to surface.

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Subordinated Floating Rate Notes due October 2002 Notice is hereby given that for the six months interest Period from October 7, 1996 to April 7, 1997 the Notes will carry an interest rate of 5.5623% per enrum. The interest payable on the relevant interest payment date April 7, 1997 will be U.S. \$40,61 and U.S. \$2,812.15 respectively for Notes in denominations of U.S. \$5,000 and U.S. \$100,000.

October 7, 1996

CHASE



Les Echos

FINANCIAL TIMES

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NEWS: THE AMERICAS

Move to site The economy again, stupid Never mind the debates, professor's research shows what forex bank

really sways voters at presidential polls, writes Patti Waldmeir Forget buys votes. The result is pre- on three economic variables: against which it has no



ELECTIONS

November 5 Mr Hawke said both the He has constructed an Treasury and the Federal Reserve were interested in ensuring that this problem did not stand in New York's way: "I think the difficulty can be approached from the point of view of regulatory

forbearance or exemptions." The G20 has already decided that its clearing house needs to take the form of a limited purpose bank. A decision on where it should The clearing house plan is be based is expected at the

umes of over \$460bn a day.

that it stands midway

between the Japanese and

US time zones, and have also

raised questions about the

US's burdensome regulatory

structure.

London's advocates argue

end of the year. Some European banks sympathise with the US view of Twenty, which aims to that the clearing house reduce the huge short-term should be New York, because even though most trading takes place in London, settlement is predominantly in New York through

the Chips payment system. Central banks have generally encouraged the G20 approach, but a report from the International Monetary Fund questions whether the benefits it could bring in eliminating Herstatt risk would justify the costs of setting it up.

Case No. 96/21769

Applicant

ing the two payments. The US pressure on behalf "There is some concern of New York has caused that the operations of such a some anxiety in Europe, clearing bank could potenwhere most central and comtially affect liquidity in the major money markets. Even mercial banks believe the logical site for an institution if these problems are solved, so crucial to the foreign there is the issue of costs exchange market would be and benefits," the IMF London - by far the largest

in New York

By George Graham, Banking Correspondent

The US administration may

be willing to ease some bank

regulations in order to make

sure that a proposed new

clearing house bank to han-

dle the \$2,400bn that flows

through the foreign exchange market every day

Mr John Hawke, under-

secretary for domestic finance at the US Treasury,

said in an interview that the

US believed New York was

"the ideal place to have that

ing house to take the form of

a bank in the US, regulated

being developed by a consor-

tium of big international

banks known as the Group

risks banks incur when trad-

over yen in Tokyo in the

morning, but not receive the

equivalent dollars until the

US payments system opens

later in the day. The G20

proposal would eliminate

this exposure, known as Her-

statt risk since the collapse

of Bankhaus Herstatt in Ger-

many in 1974, by synchronis-

ing across time zones. A bank may have to pay

in the US," he said.

"We would like the clear-

is sited in New York.

located".

night's US poll debate President Bill Clinton and Mr Bob Dole. It will Professor

Ray Fair of Yale Uni-

econometric model which he says proves, with remark-able accuracy, that only one variable influences US voting behaviour the state of the economy.

Mr Clinton and Mr Dole,

who were due to begin their televised debate at 0100 GMT this morning, may indulge themselves by scoring debating points, or busily crisscrossing the nation to show their pain over crime, drugs and the demise of the American Dream. But none of that

about last ordained, even before they the per capita GDP growth defence: the psychology of step on to the stump, by the economic numbers. By plugging three simple

measures of economic performance into a mathematical formula, Prof Fair believes he can predict the outcome of the November poll. His record is not per-fect: he falled to forecast the correct result in 1992, but in every other election since 1916 his formula has proved strikingly accurate.
If he is right this year, and

has the guts to bet on it, he could be a very rich man: for his model predicts that the November poll will be far closer than the 20-point spread of the conventional wisdom, and that Mr Dole could actually win. He forecasts 51.15 per cent of the vote for Mr Clinton. But with two percentage points built in for error, that could easily turn out to be 51 per cent for Mr Dole.

Prof Fair bases his model

rate in the first three quarters of an election year; the inflation rate since the last presidential inauguration; and the number of quarters since the last election when per capita GDP growth exceeded 2.9 per cent.

The last figure - which he calls the "good news" variable - was added to the model to correct for its failure in 1992, when it predicted that President George Bush would win by three percentage points. Prof Fair admits that he does not fully understand why the formula failed that year. Perhaps it was the influence of Mr Ross Perot, the independent candidate, which skewed a model based on two-party voting. But exit polls showed that Mr Perot drew equally from both camps, so his effect should have been neu-

tral Perhaps the model was defeated by something

unions.

the voter. By the autumn of 1992, the economic news was strongly positive and ought to have helped Mr Bush; but voters took a long time to shake off their gloom, and to begin to believe the num-

Prof Fair's formula cannot adjust for such a lag while voter perceptions catch up

with reality. He is waiting anxiously to see whether updating the model to include the "good news" variable - his attempt to compensate for psychology - will yield the right answer this year. But if you think you can do better, he is happy to help you try. He invites readers to make their own predictions using a Web page put together by a colleague at MIT. Just click on http://www.mit.edu:8001/ people/irons/myjava/e. calc.html. That ought to keep the web-fiends busy on election night...

Labour reform splits Peronists

By David Pilling in Buence Aires

Deep divisions emerged within Argentina's governing Peronist party at the weekend over proposed labour reforms, as Senator Eduardo Menem, President Carlos Menem's brother, joined the ranks of those opposed to the president's bill.

President Menem is pushing for sweeping changes to labour norms which would end collective bargaining and make it easier to hire and fire. The president argues that only by modifying rigid labour norms can the economy begin to create enough jobs to tackle near-record unemployment of

17.1 per cent. Senator Menem, whose opposition to

the bill follows that of Mr Eduardo ship between Peronism and the trades Duhalde, the governor of Buenos Aires province, said he particularly opposed a proposal allowing the extension of

the working day to 12 hours.

Mr Duhalde, who controls a large bloc of Peronist deputies, said he favoured an emergency employment bill, but would not support elements in the president's legislation that weakened workers' rights or made their jobs more insecure. Without his support, it would be almost impossible to secure passage of the bill through Congress. Several other prominent Peronists.

such as Mr Antonio Cafiero, a Buenos Aires senator, have expressed disquiet about labour reforms which would in effect dismantle the historic relation- for unions.

President Menem, who has threatened to pass labour legislation by decree should Congress prove uncooperative, has developed a bitter, uncompromising tone in the face of such opposition. At a weekend gathering of supporters in his Olivos residence. he described those opposed to the bill as "mental midgets".

The president sharpened the conflict with organised labour still further by announcing his intention to decree this week the deregulation of union-run health schemes. Such schemes which collect an estimated annual \$2.5bn:in dues, are the main source of financing

ORDER OF COURT

in the Supreme Court of South Atrics and Local Divi Johannesburg, Wednesday, 18 Septem before the Honourable Mr Justice Joffe in the ex parte application of

Lesile Gold Mines Limited (Incorporated in the Republic of South Africa) -(Registration number 59/01124/08)

Having heard counsel for the Applicant and having reed the application

it is ordered that:

- a meeting ("the scheme meeting") in terms of section 311(1)
 of the Companies Act, 1973 ("the Act"), of the ordinary shareholders of the Applicant, registered as such at the close of business on the day (excluding Saturdays, Sundays and public holidays) immediately preceding the day of the scheme meeting, ("the scheme members"), be convened by the chairman membered in paragraph 2, ("the chairman"). who shall fix the time, date and place thereof, for the purpose of considering and, if deemed fit, agreeing to, with or without modification, the scheme of arrangement ("the scheme") proposed by Kinross Mines Limited (registration number 63/06226/06) between the Applicant and its shareholders, registered as such on the record date of the schem
- 2. Jonathan Harry Schlosberg, a partner in Bowman Giffilian Hayman Godfrey Inc., attorneys (Jonathan Harry Schlosberg and Bowman Giffillan Hayman Godfrey Inc., do not act for the Applicant or Kinnose) or, falling him, such other independent attorney or advocate nominated by Edward Nathan & Friedland inc., be and is hereby appointed as chairman of the
- 3. the chairman of the scheme meeting is authorised to: 3.1 appoint scrutineers for the purpose of the scheme
- determine the validity and acceptability of any form of proxy submitted for use at the scheme meeting;
- 3.3 adjourn the scheme meeting from time to time if he considers it necessary to do so; and 3.4 determine the procedure to be followed at the scheme
- meeting and any adjournment thereof; 4. this Order of Court and a notice convening the scheme meeting be published by the chaliman once in each of the Government Gazette, Business Day, Beeld, the London Financial Times, Rapport and the Sunday Times on a date at least 2 (two) weeks before the date of the scheme meeting.
- 4.1 that the scheme meeting has been convened in terms of
- 4.2 the time and venue of the scheme meeting;
- 4.3 that the scheme meeting has been convened to consider and, if deemed fit, agree to, with or without modification, 4.4 that a copy of this Order, the scheme and the explanatory
- trial a copy of this Croef, the scrients after the expansion of section 312(1) of the Act may be inspected during normal working hours at any time prior to the scheme meeting at the registered office of the Applicant, 6 Hollard Street, Johannesburg, or at the Applicant's office in the United Kingdom, 30 Ely Piace, London, EC1N 6UA and at the chairman's office; and 4.5 that a copy of this Order and the explanatory statemer
- In terms of section 312(1) of the Act may be obtained free of charge on request by any scheme member from the Applicant at the times and places mentioned in 4.4.

5. cooles of:

- the explanatory statement in terms of section 312(1) of the Act; 5.2 the notice convening the scheme meeting in the form of the applicable attachment to Annexure D to the notice of motion, showing the time, date and place of the scheme
- 5.3 the form of proxy to be used at the scheme meeting in the form of the applicable attachment to Annexure $\tilde{\mathbf{D}}$ to the notice of motion;

be sent by the Applicant at least 2 (two) weeks before the date of the scheme meeting to each of the shareholders of the Applicant at their addresses as reflected in the Applicant's register of members at the close of business on a date not more than 4 (four) calendar days before the date of

6. a copy of:

- 6.1 the scheme and the explanatory statement in terms of section 312(1) of the Act
- 6.2 the notice convening the scheme meeting in the form of the applicable attachment to Annexure D to the notice of
- 6.3 form of proxy in the form of the applicable attachment to
- Annexure D to the notice of motion; 6.4 this Order of Court:

shall lie for inspection at and be obtained free of charge from

the registered office of the Applicant and the Applicant's office in the United Kingdom, at the times and places mentioned in 4.4. for at least 2 (two) weeks prior to the date 7. the chairman of the scheme meeting shall report the results

- of the scheme meeting to this Honourable Court on Tuesday, 12 November 1995 at 10:00 or so soon thereafter as Counsel
- 8. the report required by this Honourable Court from the chairman of the scheme meeting shall comply with the requirements of section FE of the Practice Manual of this Honourable Court and without derogating from the generality of the aforegoing, details should be given of:
- 8.1 the number of shareholders present in person at the scheme meeting;
- 8.2 the number of shareholders represented by proxy with information as to the number represented by him in terms of proxies which were annexed to Annexure D to the notice of motion:
- 8.3 the number of shares in the Applicant held by all the
- 8.4 any proxies which have been disallowed;
- 8.5 all resolutions passed at the meeting, with particulars of the number of votes cast in favour of and against each such resolution and of any abstentions, indicating how many votes were cast in terms of proxies in the form
- sed to Annexure D to the notice of motion; 8.6 all rulings made and directions given by the chairman at the scheme meeting; and
- 8.7 the main points of any other scheme of arrangement which was submitted to the meeting;
- 9. the chairman of the scheme meeting shall make available (and the notice of the scheme meeting which will be published and sent to the Applicant's shareholders shall include a statement that it is so available) a copy of the chairman's report to this Honourable Court, free of charge to any scheme member on request for it, for at least 4 (four) days from the Tuesday preceding the date fixed by this Honourable Court for the chairman to report back to it; and

10.any scheme member wishing to vote by proxy should tender a proxy in the form of the applicable attachment to Annexure D to the notice of motion.

By Order of the Court

Registrer 18 September 1996

Edward Nathan & Friedland Inc. Applicant's attorneys 23rd Floor Santamsentrum 206 – 214 Jeppe Street Johannesburg, 2001 (PO Box 3370, Johannesburg, 2000) (Refer: Mr M Katz/Mr K W Joselowitz) Tel. (011) 337-2100

NOTICE OF SCHEME MEETING

In the Supreme Court of South Africa (Witwatersrand Local Division)

Case No. 96/21769

In the ex parte application of

Leslle Gold Mines Limited (incorporated in the Republic of South Africa) (Registration number 59/01124/06)

Applicant

Notice is hereby given that, in terms of an Order of Court, dated 18 September 1996, in the above matter, the Supreme Court of South Africa (Witwatersrand Local Division) ("the Court") has ordered in accordance with the provisions of section 311 of the Companies Act, 1973, that a meeting ("the scheme meeting") of ordinary shareholders of the Applicant (other than Kinross Mines Limited (registration number 63/06226/06) ("Kinross")), registered as such at the close of business on Monday, 4 November 1996 ("the scheme members") be convened under the chairmanship of Jonathan Harry Schlosberg, partner of Bowman Gilfillan Hayman Godfrey Inc., attorneys (Jonathan Harry Schlosberg and Bowman Gilfillan Hayman Godfrey Inc., do not act for the Applicant or Kinross), or, failing him, such other independent attorney or advocate nominated by Edward Nathan & Friedland Inc. for the purpose of considering and, if deemed fit, agreeing to with or without modification, the scheme of arrangement ("the scheme") proposed by Kinross between the Applicant and the holders of its issued shares (other than Kinross) ("the scheme shares").

The scheme meeting will be held at 9:30 (South African time) on Tuesday, 5 November 1996, in the Lecture Room, 1st Floor, 6 Hollard Street, Johannesburg.

A copy of the scheme, the explanatory statement in terms of section 312(1) of the Companies Act, 1973 explaining the scheme, the notice concerning the scheme, the form of proxy, and the Order of Court convening the scheme meeting are included in the circular sent to shareholders and copies may, on request by any scheme member, during normal working hours be inspected at or obtained free of charge from the registered office of the Applicant, 6 Hollard Street, Johannesburg, at the Applicant's office in the United Kingdom, 30 Ely Place, London, EC1N 6UA, and at the chairman's office.

Each scheme member may attend, speak and vote in person at the scheme meeting or may appoint any other person or persons (who need not be shareholders of the Applicant) as a proxy or proxies to attend, speak and vote in such scheme member's place.

The necessary form of proxy (blue) is included in the circular sent to shareholders. Additional forms of proxy may be obtained on request from the registered office of the Applicant and its office in the United Kingdom as set out above.

Each signed form of proxy must be lodged with or posted to Consolidated Share Registrars Limited, 1st Floor, Edura, 41 Fox Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) in South Africa or Independent Registrars Group Limited, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU in the United Kingdom, so as to be received by no later than 9:30 (South African time) on Monday, 4 November 1996 or handed to the chairman of the scheme meeting by no later than ten (10) minutes before the time for which the scheme meeting is convened.

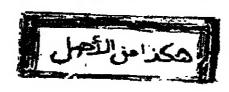
Where there are joint holders of scheme shares, any one of such persons may vote at the scheme meeting in respect of such shares as if he was solely entitled thereto, but if more than one of such joint. holders be present or represented at the scheme meeting, that one of the said persons whose name stands first in the Applicant's share register in respect of such shares and his proxy, as the case may be, shall alone be entitled to vote in respect thereof.

In terms of the Order of Court dated Tuesday, 18 September 1996, the chairman of the scheme meeting. will report the results thereof to the above Honourable Court at 10:00 or so soon thereafter as Counsel may be heard on Tuesday, 12 November 1996. A copy of the chairman's report to the Court will be available on request (free of charge) to any scheme member at the chairman's office, and the registered office of the Applicant and at the Applicant's office in the United Kingdom at the time and place mentioned above for at least 4 (four) days from the Tuesday preceding the date fixed by the Court for the chairman to report back to it.

The scheme is subject to the fulfilment of certain conditions precedent stated in the scheme, one of such conditions being its sanction by the above Honourable Court.

Jonathan Harry Schlosberg Chairman of the scheme meeting

Attorneys to the scheme Edward Nathan & Friedland Inc. 23rd Floor Sanlamsentrum 206 - 214 Jeppe Street Johannesburg, 2001 (P O Box 3370, Johannesburg, 2000) (Refer. Mr M Katz or Mr K W Joselowitz) Tel. (011) 337-2100



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ONDAY OCTOBERT

By John Kampfner In London and David Wighton in Dublin

Mr John Major, the prime minister, vesterday gave his most unequivocal undertak-staying in the colleagues ing jet to keep Britain's and I just hope colleagues will accept that." single currency and to stand by Mr Kenneth Clarke, chancellor of the Exchequer in "the Conservative govern-

> his party's annual conference was undermined by the disclosure that Lord McAlpine, a former deputy chairman of the party, has defected to the Referendum party. The party, which is demanding a referendum on Britain's acceptance of a single European currency, is led by Sir James Goldsmith.

Lord McAlpine, an outspoken critic of the current cabinet, will say on BBC television tonight that he has agreed to chair the Referendum party's first conference in two weeks' time. He also said he had told his close ally, Baroness Thatcher, the former Conservative prime minister, about his change of directly to the high-level allegiance. He said the Conservative party no longer

4.4

seemed very conservative. A close side said Mr Major would be "completely many in the party. "He's a unfazed" by criticism of his very old and long-standing approach by either wing of friend of mine," Mr Major the party this week. Mr said. "He's also an excellent Major, he said, had "made chancellor."

enough already" that he would not budge an inch".

Mr Major said: "There's no point in pushing. We are in the negotiations and we are

However, colleagues of Mr John Redwood said he would use his three appearances in fringe meetings in Bourne-The prime minister's sition to monetary union robust defence of his "wait and to emphasise the need for "strong leadership".

Mr Redwood, a former cabinet minister who challenged Mr Major for the party leadership last year, is one of the party's leading Eurosceptics. Mr Major was speaking after delivering what was seen as an extraordinary snub to his fellow European Union leaders. Mr Major left an informal meeting of EU heads of government in Dublin early, akipping the offi-

cial dinner that followed the

talks and making it clear

that he viewed the meeting had largely been a waste of time. One leading Eurosceptic described Mr Major's action as "petulant and small-minded". Mr Major responded

whispering campaign against Mr Clarke, whose trenchant support for a single currency has infuriated

Former BET chief | pay \$78m' starts legal in tax action

By Tim Burt

Mr John Clark, the former chief executive of BET, is Mr Octav Botnar, the former today launching an unprecedented £3.3m (\$5.1m) com- importer of Japanese cars, pensation claim in the High Court in London following his dismissal from the bustness services group.

It is thought to be the first time in Britain that the chiefexecutive of a large quoted company has asked the courts to adjudicate on a severance package.

American-born Mr Clark is contesting a pay-off of less than film from Rentokil Initial, the industrial services company that earlier this year won control of BET after a £2.2bn takeover bat-

Mr Clark, who was sacked after refusing the offer, has instructed lawyers Biddle & Co to seek full payment of his three-year rolling contract. Last year he received a total pay package of £1.1m, including a £280,000 bonus and £226,000 in pension-related payments.

City of London lawyers have described the High Court hearing as a test case on how companies set discretionary bonus payments. Some leading law firms said the court's decision could set new guidelines on executive pay, possibly involving an obligation on companies to pay bonuses - even where they are discretionary once they have become a sig- the largest ever cases of cornificant part of an employ- porate and personal tax eva-

Exile 'to dispute

head of Nissan UK, an pay the Inland Revenue £50m (\$78m) to settle a fiveyear old tax dispute, spokesman for the extled

businessman said yesterday. Mr Botnar, who faces possible arrest if he returns to England, has spent the past five years in self-imposed exile in Switzerland. The Inland Revenue claimed £250m against his company.

Lawyers acting for Mr Botner will read out a prepared statement in the offices of the special commissioners of the Inland Revenue in London today giving details of the agreement, his spokesman said.

But the Inland Revenue refused to comment on Mr Botnar or his former company. "Taxpayers' affairs are confidential," a spokeswoman commented, adding there was still a warrant out for his arrest.

It is unclear whether this deal will remove the threat of further legal action against Mr Botnar, who will be 83 this month, his spokesman said yesterday.

Mr Botnar, whose company had sole rights to import Nissan cars into the UK, was accused by the Inland Revenue of the one

Setback for PM on care for old

By Nicholas Timmins, Public Policy Editor

homes and assets from the detail. costs of long-term care have had to be postponed.

Mr John Major, the prime residential and nursing minister, who had hoped the government would have in individual's own home - the place before the general elec- elderly would be able to keep tion a scheme allowing peo £1.50 or possibly £2 of ple with moderate incomes to protect at least part of its inheritance from the costs of long-term care.

have arisen over how the ple are having to sell their schemes should be run, how- homes to pay for care in old ever, and ministers accept that it is now impossible to have a promise of legislation ally Tory-voting constituin the forthcoming Queen's ency. many of whom Speech to Parliament outlinbelieved their taxes had paid Speech to Parliament outlining government plans.

Instead, Mr Stephen Dorrell, the health secretary, plans to publish a draft bill Government plans for later this year, allowing "partnership" deals allowing the insurance industry to the elderly to protect their advise on the measure in

Under the plan, for every £1 of cover taken out to pay The is a serious blow to for the cost of places in homes - or for care in an their assets free from the means-tests applied to such

The move comes as grow-Serious technical issues ing numbers of elderly peo-

That has hit a tradition-

Kantor says Pittsburgh conference underlines support for peace

US reopens N Ireland business drive

The US will this week step up its efforts to support the peace process in Northern ireland through promotion of American investment and business involvement.

Sir Patrick Mayhew, the chief Northern Ireland minister in the British government, will today join senior US trade officials and busiinitiative to promote commercial development in

neighbouring counties in the secretary, told the Financial Republic of Ireland. A senior Times. "But the peace profigure in the government of the Republic of Ireland is it's all the more important also likely to attend.

Senator George Mitchell. special advisor to the US president on Ireland, will attend the meetings and is expected to review recent jobs." developments in the peace taiks.

"This conference comes at an important time in the nessmen in Pittsburgh in an peace process - a time in which we have witnessed

cess continues. That means that we move forward with our support for peace, working with business to promote trade and development to

build economies and create

The US "business matchmaker" programme will bring together potential US and Irish partners to discuss joint ventures, licensing and other opportunities in spesome setbacks," Mr Mickey cific sectors. There are more

the Republic of Ireland and 1994 after ceasefire declara more than 80 US ventures in Northern Ireland.

In co-operation with Irish development agencies and community organisations. the US Department of Commerce has focused on the promotion of further US investment in information technology, food industries, manufacturing, services, tourism, health and environmental technology.

The US initiative is within a package of measures announced by US President Northern Ireland and the Kantor, the US commerce than 400 US companies in Bill Clinton in November

tions by the Irish Republican Army and anti-nationalist paramilitary groups. Mr Clinton's visit to Northern ireland in late 1995, the first by a US president to the region, included a US business development mission to

foster commercial ties. Mr William Ginsberg, assistant secretary at the US Commerce Department, said the US business programme had been backed by community groups in Belfast and

into company purchasing departments. Although individuals are now more likely to use a credit or debit card than a cheque book for their per sonal payments, corporate buyers have bad to stick to paper purchasing orders their need to keep detailed documentation for their

Credit card

companies

By George Graham,

Banking Correspondent

UK Visa card issuers hope to

get approval from Customs

& Excise next week to take

the plastic payments card

issuers

target

tions. Visa has been conducting National Westminster and Midland banks to see if it can produce a monthly VAT report that will satisfy Customs. The banks are hoping for approval on Octo

value added tax calcula-

Card issuers say the UK would be the first country in the European Union to allow electronic VAT documentation of this sort, though a pilot is now under way in

Norwegian gas import talks to resume

By Robert Cordine in London

Britain and Norway are to re-open stalled talks over the future of Norwegian gas exports to the UK in a move that could exacerbate the pres-

ent gas surplus in the country. Lord Fraser, the new British energy minister, has made the conclusion of a new gas agreement with Oslo a high priority. The UK government believes that the present impasse, which has led in effect to a ban on new Norwegian gas imports through the Frigg pipeline, threatens its credibility in arguing for

greater competition in European recently as 1985 supplied about 27 Union gas markets. The lack of liberalisation in the western European gas industry is one of the most glaring gaps in the single market, and is the subject of current talks among a

number of EU governments. UK officials believe Norwegian gas could also play a part in ensuring that there are plentiful supplies of cheap gas to underpin the planned opening of the UK's own domestic market to full competition by 1998. Lord Fraser is said to be confident that an early agreement can be reached with Norway, which as

per cent of UK gas demand. But a sharp increase in UK gas production and the refusal of the British government to authorise new gas imports has caused this to fall to only 2 per cent of the market.

It is uncertain whether any new deal will result in large gas supply contracts for power stations or other industrial gas users. The UK gas industry is putting pressure on the government to force Norwegian producers to focus on more modest niche markets.

In August a senior British Gas

room for Norwegian gas in the UK long before the supply/demand balance appears to indicate", provided Norwegian producers were willing to offer "flexible supply arrangements to meet peak winter demand."

Such imports could prove useful in eliminating some of the unintended side effects of gas market liberalisation. In recent months the government and Ofgas, the industry regulator, have become increasingly concerned that prices on the evolving gas spot market can be manipulated by North Sea gas producers.



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Public nature of Italian privacy

The expression evolved from Rome's Cinecitta heyday in the late 1950s and early 1960s, when hordes of cameramen pestered film stars, using any ruse to get the right shot of celebrities stepping out of nightclubs on the Via Veneto or relaxing by pools in grand villas off the Appla Antica. The photographers then tended to go in packs, hence the paparozzi rather than paparazzo.

One suspects the word was internationalised once Cinecitta declined and glamour was found elsewhere. But having invented

the intrusive photographer, both DATELINE

Italian law and society have been slow to address the problems created by invasion of privacy. Rome: Plenty of laws exist which can The land that be used to protect various aspects of privacy. However, Italy's invented the courts have been reluctant to paparazzi is now apply them; when applied, loopholes have always been found. wondering how to As a result most people - even the rich and famous - feel they embrace the

concept of privacy, reports Robert Graham

privacy problem has emerged. Following the arrest and impris-Necci, head of the Italian railways (FS), on charges of alleged corruption, newspapers and magazines have been running pages new and potentially more serious of transcripts of taped conversa-

tions linked to the case.

Some of these conversations come from telephone taps, others from secret directional microphones planted by the police. All are highly entertaining, not least because so many prominent people have been dragged into the conversations, shedding a fasci-nating light on the behind-thescenes manoeuvering of the Italian establishment

The most colourful tap concerns Francesco Pacini Battaglia, an Italo-Swiss financier caught in earlier corruption scandals and in prison since last month on a string of fresh alleged corruption charges. In between bragging and malicious, vulgar gossip, he is heard discussing who should be in and out of government, pres-suring to remove inconvenient managers of key state companies (most notably Eni, the national oil group), influencing politicians

The rich flow of transcripts has been sustained for a month now - partly on the grand claim of public interest but also because editors believe this is what the public wants. Little thought is given to defamation or the reputations of those people (including several important politicians) whose names have appeared in the conversations, even though

they are not under investigation. But a controversy about privacy has been sparked by two elements. The less important stems from a conversation in February this year between Pacini Battaglia and Alessandra Necci, daughter of the head of the railways, in which the Italo-Swiss financier sets up a vague consultancy job for the young inexperienced Ms Necci, fixing a salary of \$100,000 (£54,102).

The conversation was widely

irrelevant personal details. Ms Necci's mother reacted with outrage to the intrusion.

The press was unrepentant, arguing that publication illustrated a pervasive climate of favours and reminding the mother that not every young woman could aspire to such a salary for apparently doing so little. While true, such justification has failed to conceal growing unease among some politicians and jurists that the family of an arrested man should not be dragged into the public eye to be treated as guilty when they have been neither charged nor directly implicated in criminal proceed-

That touches on the larger controversy. The transcripts published in recent days have included the names of at least 50 prominent politicians, state man-

agers, lawyers and businessmen. Often they are referred to most casually. But the mere fact they are mentioned by a man under arrest on corruption charges tends to imply guilt by associa-

in this way, the release of these recordings provides a formidable opportunity to damage the reputations of prominent people. The blame for the release of the transcripts has tended to be placed on the investigative magistrates who ordered the taps. But this is. by no means always true, since disclosure is built into the judicial process, and the 1988 rules on pre-trial secrecy are lax.

The easiest way to remedy matters would be to tighten pre-trial secrecy with tough sanctions for those who break the rules. But the political parties are divided as to how to go about this, though they all talk about a new law of "privacy".

It is a neat turn of the circle that the paparazzi should be exported from Haly, and the concept of privacy imported.

The Monday Profile: Leif Johansson, Electrolux

have very little real protection.

Meanwhile, newspapers and mag-

azines, though often piously tak-

ing the moral high ground, are more than willing to hand out

large sums for any photographic

scoop. Indeed, so many people in

the public eye have been pried

upon that it is scarcely an issue.

Even those who protest lap up

the paparazzi's work when it

Since the summer, however, a

does not directly affect them.

White goods prophet warning

Johansson has had a new toy. It is a robot vacuum cleaner which navigates his house by means of sensors and cleans up while he has a shower or does the cooking. "I am very enthusiastic about it. It does what it is supposed to do,' says Johansson.

As the 45-year-old chief executive of Electrolux, based in Sweden and one of the world's two biggest makers of domestic appliances, Johansson is regarded as a rising star of the European busi-

ness community. He holds strong views on reducing the impact on the environment of the 60m appliances his company will sell worldwide this year, and also frets at what he regards as the ossified state of European society which, in his view, is damping entrepreneurship and pushing unemployment to unacceptable levels.

This year Electrolux, which vies with Whirlpool of the US as the international No 1 in its field. will sell its washing machines. dishwashers, lawnmowers and other appliances in some 20,000 variations in roughly 90 countries. Bewilderingly, the products are sold under about 40 brands, including such names as Zanussi, AEG. Frigidaire and Flymo,

Presiding over this complex empire, the physics-trained Johansson thinks there are "great opportunities" for transferring technical ideas between the different parts of his company. A favourite is the electronic guidance principles behind the robot cleaner - which he thinks could be available commercially for about £350 (\$546) within two years - and which can be applied to lawnmowers.

One such product, which runs on solar-powered batteries, is already on sale through Electrolux's Husqvarna subsidiary for about £2,000. The machine works out the dimensions of people's lawns and decides what height to

Of Electrolux's annual domestic-appliance sales of some

Growth promotes savings and,

Yet the relationship is not

entirely circular. The report

argues that countries with a high initial level of financial

development have generally

experienced faster growth there-after. From this one might think

it followed that an emerging

country should liberalise its

financial sector as soon as possi-

ble. After all, deregulation and

capital market opening does not

Japan - had their roots in

thus, higher bank deposits.



South America, Asia and eastern Europe. Johansson says the proportion will rise closer to 40 per cent early next century.

In developing regions, Johansson is extremely keen to link principles of environmental soundness to good business practice. In China and India, in particular, where the domestic appliance market is growing by up to 15 per cent a year (it is only 3 per cent or less in the west) there are 'fantastic" growth prospects for his company, he says. "But for the industry to expand in the ways we anticipate, the Chinese

SKr100bn (£9.65bn), 20 per cent is and Indians have to move to new in the developing regions of technologies. Otherwise they will simply not have enough water and energy to use the products."

Johansson admits that Electrohux's new products, which use low-energy motors and a combination of recycling and novel spray techniques to cut water usage, will, initially, be more expensive than the old ones. But he says they fit in with the developing nations' own long-term priorities. "I discussed this recently with a [business] delegation from Shanghai. They want the latest washing machines, but they are also trying not to build too many

National differences are important - in ovens in particular, "In Europe, ovens add up to a complex picture, because of the variety of cooking methods. In Britain, people want to grill tomatoes and bacon; the Swedes like to bake ginger cookies; and in Germany they like their roast

But there is a way of achieving standardisation. Electrolux is borrowing ideas from the auto-motive industry in building ovens to the same basic "platform" - equivalent to a car chassis - and then "customising" them for specific markets. "While we used to have nine oven platforms in Europe, by the end of this year we will have only three," he says.

Despite his reputation for long-term thinking, not everyone warms to the Electrolux chief, who joined the company in 1978 and took over his present job in 1994. Some investors are concerned about the share price, which has underperformed the Swedish bourse by about 35 per cent since 1992. They say Johansson has been insufficiently hardnosed about trimming costs to compensate for economic weaknesses in the company's main markets in Europe and the US. Johansson can fairly point out that most makers of white goods

are struggling to maintain mar-

gins against heavy competition

and weak consumer spending in much of the industrialised world. But he appears more worried about the social aspects of Europe's low growth than any specific impact on shareholders. Calling for ways to give "more incentives" to entrepreneurs in Europe, he says: "In Europe we have grown used to 10-12 per cent unemployment. Our welfare systems are providing benefits for unemployed 40-to-50-year-olds, but not doing a lot for younger people. I think younger people in Europe will create a revolution unless we do something about

Peter Marsh

FT GUIDE TO

Bond markets

What is happening in bond markets? Are prices going up or down?

Bond prices have risen, especially in recent weeks. Fears about inflation held back the US market in the first half of this year, but last month's decision by the Federal Reserve Bank not to raise interest rates has reassured investors. Friday's weak US employment data also helped. Many other bond markets are performing even more strongly, Italian, Spanish and other European high-yielding bonds – so-called because they yield more than low-risk German bonds - have benefited from what economists call "conver-

Bold it. What is convergence? In order to meet the Maastricht criteria for monetary union, European Union members must cut their fiscal deficits to no more than 3 per cent of gross domestic product, reduce debt levels towards 60 per cent of GDP and keep inflation low. Most European governments have been making progress on these fronts, bringing inflation

and interest rates lower. That has made their bonds more attractive to investors and prices have risen. In Italy, the bestperforming market, prices have risen at a dizzying pace because investors now believe Italy could become part of EMU in 1999. Only a few months ago it was assumed that Italy would not join the single currency at least until 2002.

Germany and France are doing well, mainly because inflation is low and government spending under very tight control. But the really big news this year has concerned bonds issued by borrowers from the emerging markets.

But I thought emerging markets were risky? You'd be surprised. There has been a big improvement in the credit quality of many of these borrowers, as a result of lower inflation, faster growth and economic liberalisation. Rating agencies, which assess borrowers' risk of default, have upgraded the credit ratings for emerging market borrowers this year for that

How have emerging market bonds performed? Very well indeed. Last month, Brady bonds issued several years ago by governments in exchange for distressed commercial bank loans reached their highest-ever levels. An index of emerging market bonds, compiled by J.P. Morgan, the US bank, shows that investors in emerging market bonds have gained total returns reflecting capital gains and interest payments - of 26.7 per cent so far this year, as compared with 2.1 per cent for those investing in government bonds.

What does all this mean for borrowers? Although there is some uncertainty in the mar-

kets about inflation, interest rates remain relatively low. Some borrowers have been taking advantage of this as they are keen to cash in on lower funding costs. Commercial borrowers are simply adopting the same approach as a house holder who takes out a fixed-rate mortgage at a time of low interest rates as protection against a possible rise in rates later on.

How much money has been raised on the bond markets this year?

The volume of bonds issued by banks, companies governments and agencies like the World Bank has broken all previous records - and 1996 isn't even over yet. According to Capital Data Bondware, a markets database, international companies and agencies raised about \$509bn (£326bn) in the first nine months of the year.

Which borrowers have benefited most? Private companies and banks have been able to secure very cheap funding, which should help them expand, Less creditworthy borrowers have: also done well. When interest rates are high or financial markets unstable, such borrowers can find themselves excluded from bond markets. But as yields fall on less risky assets, investors are more interested in the higher yields paid by these

borrowers. This yield premium compensates

investors for the higher risk that the borrowers

might default, the so-called "credit risk". Borrowers from Latin America and eastern Europe have been prominent in the market this year. Poland, for example, recently paid only about half a percentage point more in interest on its bonds than the German government. Mexico, the Philippines and Argentina have seen their borrowing costs plummet and have been able to borrow funds over much longer periods.

So what can go wrong? Plenty. Central banks will eventually increase interest rates as part of their strategy to keep inflation at bay. The US Federal Reserve is expe ted to increase rates later this year, for example, once the presidential elections are out of the way:

How about the longer term? Inflation may fall as governments keep a tighter rein on monetary policy and public spending, but it could also rise. Faster world economic growth could put pressure on the prices of commodities like oil and metals. After all, inflation in the 1970s had a lot to to do with increases in raw materials prices. All that would put the skids under bonds.

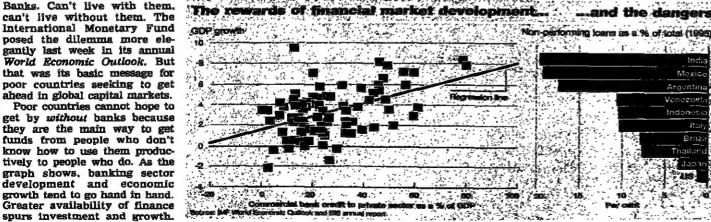
> Conner Middelmann and Richard Lapper



Stephanie Flanders • Economics Notebook

Banks and the wealth of nations

IMF advice to developing countries seems at times inconsistent



The pitfalls of liberalisation

have been even more apparent in emerging markets. For all the enefits, the IMF admits that banking reforms have also often led to banks being inadequately capitalised and poorly managed, and given them a greater incentive to offer above-market inter est rates to attract resources and engage in riskier loans.

simply enhance access to external funds. It also encourages Foreign exchange exposure poses a special problem in a greater competition and efficiency domestically.

And yet, looking around the more open, emerging financial system, as companies and banks world, you would be forgiven for with access to cheap foreign borthinking that liberalised banking rowing may become extremely vulnerable to a currency devalusystems had been more trouble than they were worth. All of the ation. That gives the domestic recent financial crises in devel-oped countries - including the US savings and loans flasco and authorities reason to forestall necessary adjustments and, when they finally take place, the ongoing banking crisis in

exacerbates effects.

well-meaning attempts to in point. A long post-liberalisa-increase efficiency through tion lending spree had left the tion lending spree had left the domestic banking sector in a declining confidence in the peso, the monetary authorities delayed increasing interest rates - or devaluing the currency because of fears of the consequences for the banks. When the crunch came, banking sector balance sheet problems greatly increased the costs of the crisis

both for taxpayers and for the

economy at large.

That the IMF should now be stressing the importance of a sound banking sector may be a bit galling for those countries which thought that in freeing up the banks they had been following the IMF's advice. But in theory, at least, it has always argued that governments needed to strengthen banking regulation and supervision at the same

that now both the IMF and its clients may take the advice more

The report puts particular stress on the need for effective capital adequacy standards, comprehensive evaluation of bank ssets - "to ensure that solvency problems are not concealed by poor accounting" - and careful monitoring of foreign exchange exposure of domestic financial The \$40bn question for those

that lived through the Mexican crisis is whether countries or investors have learnt their lesson. The IMF's annual report on international capital markets, which was also published last week, noted approvingly that international investors seemed to be paying more attention to the relative soundness of domestic banking systems and countries' overall financial infra-The Mexican crisis was a case time. The difference, perhaps, is structures in deciding where

Yet some would seem to be more careful than others. Thai-

land, for example, has a current account deficit that is 8 per cent of GDP. That has been causing concern on international markets, and Thailand's banks look ill-prepared to withstand a fall in external confidence.

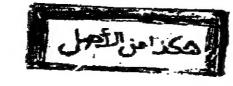
According to the standard measures, the Thai banking system "appears robust". But the authors note several characteristics that signalled a disaster waiting to happen in Mexico Lending has grown rapidly dur-ing the past five years, despite relatively tight monetary policy, with banks earning very wide net interest rate spreads.

Although this has increased

profits, it makes one wonder about the quality of the borrowers, especially since a rising share of this medium- and long-term lending seems to be matched by foreign currency borrowing on the banks' part. There has been a sharp rise in the net foreign liabilities of the banks. Yet "information on asset quality is not readily available, since the banks are not required to disclose non-performing assets Or reserves".

Given these underlying weaknesses, the report concludes, "the ability of the That banking system to withstand a more turbulent domestic or foreign envi-ronment - including reduced access to foreign markets, a sustained increase in interest rates, and lower growth rates - cannot be taken for granted." Or, to translate once again from IMFese, you have been warned.





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COMPANIES & MARKETS

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Italy to reveal size of Eni offer

The Italian treasury will today set in motion the second phase of the privatisa-tion of Eni, the country's biggest off, gas and chemicals group, by revealing the size of the stake to be sold

The treasury has been looking at selling off between 15 and 25 per cent of Eni. At current prices this would mean a sell-off value of between L8,700bn and L14,700bn (\$5.7bn-\$9.7bn). The treasury would retain at least 60 per cent of the

This will be Italy's biggest privatisation this year. The main difficulty has been gauging the mood of the market for such a large offering among both domes-tic and international investors. Eni is the largest Italian company and accounts for 15 per cent of the shares listed on the Milan bourse. For the first half, it reported a L2,376bn net profit on L29,444bn turnover.

Government officials recognise it is crucial to get both the size and pricing of the offering right to gain further market credibility ahead of other big privatisations due next year - Stet. the state-controlled telecoms Agroup, and the Enel, the national electricity com-

Last month the treasury said it would be offering discounts to Italians to make the new Enj shares more attractive and encourage broader share ownership in a country where investors remain wary of the bourse. This will be the first time such an incentive has been used in Italy, with purchasers rewarded with a bonus share provided they do not sell for one year.

A year ago the treasury sold off the first tranche of 15 per cent, earning L6.300bn. The shares were then priced deliberately low at L5,250. Since then they have climbed to about L7,700. But last week the price fell 5 per cent to below L7,350 in anticipation of a competitive pricing for the

new tranche.

The offer price is due to be

Monday October 7, 1996

Eurotunnel is today its banks will convert £2bn (\$3.1bn) of their 19bn loans into equity in the troubled group at a little above its uspension price last week of

FF19.5 a share. The 225 creditor banks will gain slightly less than 49 per cent control in the group as result of the conversion of both cash and bonds in a deal which will be unveiled to shareholders today.

outstanding debt will be converted into a range of financial instruments designed to expected to announce that reduce Eurotunnel's crippling interest bill, and some of the instruments will run over as long as 40 years to maturity.

> comes after the company and its banks reached an agreement on Tuesday last week. They had missed a deadline for finishing negotiations set for midnight last Monday by the French com-

Investigators hunt for

Young has firmly denied any

such illegal activity, and the

SFO has yet to bring any

criminal charges against

Ernst and Young's atten-

tion has centred on a web of

Luxembourg holding compa-

nies set up by Mr Young, with the help of a Swiss

legal firm called Wyler

& Wolf. This group of compa-

nies enabled him to circum-

vent regulations stopping a

unit trust holding more than

10 per cent of a single com-

Mr Young's apparent motive for this was that he

was so keen to invest in a

number of technology com-

panies that he used the hold-

ing companies to conceal

exactly how much of these

technology companies was

held in the two unit trusts.

pairs of unlisted bolding

The first three were set up

in August 1995, when Mr

Young came close to the 10

per cent limit. On the face of

between 5 and 10 per cent of

these companies. However,

each member of a pair had a

cross-holding of the remain-

ing 90 to 95 per cent of the

Grenfell in effect owned all

of the companies without

realising it. Mr Young used

these companies to acquire

This meant that Morgan

Morgan Grenfell owned

He did so deceptively simply.

fallen star's motives

as Mr Petar Young Young gained financially mad or bad? Investigators have been Young in deception. Mr

The conversion price into equity - at not much more than FFr10 a share - is

its suspension last Monday. The deal may spark anger the fact that a high proportion of the shares have changed bands since the last

Those close to the discussions also stress that under current plans, shareholders should receive dividends within 10 years, rather than of 20 or more years circulating recently.

their other outstanding instruments into equity in the coming years, they are still unlikely to control much more than 60 per cent of the shares.

requires.

MeesPierson

Fortis, the Belgian-Dutch insurance and savings institution, is to gain a strong presence in the Netherlands' securities markets, and more than

Fl 50bn (\$29bn) of client funds under management. through the purchase of MeesPierson, the Amsterdam merchant bank. Page 21

Seat

Volkswagen, Europe's leading carmaker, is to consolidate its hold over Seat with the appointment of the first non-Spanish chairman of its embattled offshoot. VW will shortly announce that Mr Pierre-Alain de Smedt, head of its Brazilian operation, will replace Mr Juan Llorens as chairman. Page 21

BTR

BTR, the UK conglomerate, is about to conclude three new joint venture agreements in Asia as Mr Ian Strachan. the new chief executive. steps up his drive to win 15 per cent of the group's sales from emerging markets. Page 20

600 Group

The 600 Group, the UK's biggest machine tool company, has expressed an interest in taking control of Traub, the troubled German machine tool supplier. Page 20

Management

Although the latest US week, attention is likely to focus on an altogether different indicator - cash flow into mutual funds for September, Page 20

Global Investor

Latin America poses a difficult test for the international investor. Its equity and bond markets fall into the "emerging" category, but without the novelty and excitement of the central European economies or the tigers of east Asia, Page 24

Eurotunnel banks to gain 49% stake

John Gapper reports on attempts to unravel the facts of the Morgan Grenfell debacle

Geoff Dyer in London

tigators have been

trying to answer this ques-

tion since the star unit trust

manager was dismissed by

Morgan Grenfell Asset Man-

agement last month. Yet

despite the arrival of the

Serious Fraud Office, the

answer still remains tantalis-

fell will attempt to draw a

line under the damaging

affair by announcing the res-

ignation of a group of senior

executives. It will also detail

the measures it has taken to

try to stop any other fund manager fooling his bosses

quite so spectacularly as Mr

One explanation for Mr

Young's efforts to circum-

vent rules on unit trusts is

that he lost his sense of rea-

son. Pressures mounted on

him last year to the point

efforts to conceal invest-

ments from his employer

were matched by equally

bizarre behaviour in his pri-

Mrs Harmanna Young, his

wife, has told of incidents

such as Mr Young's pur-chase of 30 jars of pickled

gherkins. Mr Young's solici-

tors have also gained an

injunction to prevent publi-

cation of certain photo-

However, fraud investiga-

tors from Ernst and Young,

led by Mr David Sherwin,

have also been examining

Next week, Morgan Gran-

ingly out of reach.

Young did.

The refinancing deal

mercial court.

lower than some analysts had expected and considerably beneath the demands from some investors that it match the FFr23-a-share price demanded during Eurotunnel's rights issue in 1994 The price has been calcu-

lated using Eurotunnel's latest projections of future revenues, based on an analysis of the economic worth of the company and ignoring a speculative rise in the share price in the days before more pessimistic projections

investments. The end result

was that the unit trusts

secretly held substantial pro-

portions of many companies

Mr Young used a similar

technique earlier this year

when he set up fresh group

of paired companies so that

he could switch investments

around, giving the impres-

sion that he was reducing

his unlisted holdings. So far.

so straightforward. But there

is one element unaccounted

Like a genetic structure

missing a gene. there is an

oddity in the Luxembourg

holding companies. On

December 22 last year, Mr

Young set up a company

called Litia Produktion. This

is like all the others except

in one respect: it does not

seem to have a pair. This

implies the existence of a

up on the same date, and has

similar directors, it is called

Russ Oil and Technology,

and it has been at the beart

of the investigations made

Russ Oil and Technology

is an odd company. Despite

all efforts, it is clear neither

who owns it, nor what it

owns. A few of its shares

have been linked to Mr

Young. However, this may

not mean an enormous

by Ernst and Young.

around the world.

for in all this.

hidden company.

from the more radical investor groups, although the negotiators are believed to have drawn comfort from rights issue, so many of those who are left bought at relatively low prices.

If the banks convert all

Trading in Eurotunnel's shares is expected to begin again tomorrow, and analysts expect the price to fall. although this will partly depend on the eventual level of dilution the refinancing

Before the proposals can

Peter/Young's riablocal section & ... A typical 'pair' of holding companies Morgan Granfell st Manageme 95% holding Catherineholm: Technology

be implemented, they must

be accepted by all 225 banks

in the lending syndicate, as

well as 75 per cent of Euro-

tunnel's shareholders at an

extraordinary general meet-

ing unlikely to be held

Today's announcement,

accompanied by three sepa-

rate documents explaining

the terms of the deal, will be

made simultaneously in Lon-

don and Paris by the two

chairmen of the Anglo-

French group, Sir Alistair Morton and Mr Patrick Pon-

before next March.

Russ Oil and Technology

Luciembourg Subscribed capital SKr300,000 in 25,000 shares.

Luxembourg Corporation Company, Marco Wolf,

Board meeting of February 28 1996

Capital doubled through Issue of 25,000 new shares. Paid in by Morgan Grentell Nominees (Jersey) Ltd by contribution of one SKr100,000 band convertible

shares and may only consti- pany. Mr Young had immediate value, since Xav-

Celiter Technology Catherineholm

incorporated December 22 1995

Luxembourg holding companies

Horten Technology

Sandvest Petroleum

Met Tec

Incorporated August 1995

Logvest Technology

Scanditech

Alutux Mining

Litia Produktion

he most promising tute a small proportion of candidate is another Russ's equity. This mystery is deepened company that does not appear to be owned by by a transaction last Febru-Morgan Grenfell. It was set

ary in which Russ's capital was doubled, using a convertible bond in shares of SensoNor, a Norwegian technology company. This bond was held, up to that point, in a custody account established by Mr Young through Morgan Grenfell's office in

Jersey. The second mystery is what Russ owns. Investigators have so far found only a holding of warrants in Xavier Corporation, a Houstonbased oil exploration cominvested heavily in Xavier let's shares would have to for his unit trusts, and the warrants were part of a refinancing carried out in December 1995.

Xavier's directors have looked into its conduct and have concluded that it acted correctly. Mr Chris Dittmar. chairman of Kavier, says it issued two warrants to Russ Oil after being told that it was affiliated to Morgan Grenfell, and reported the deal to the Securities and Exchange Commission, the US markets watchdog.

If Mr Young does own warrants. They have no

rise to \$5.50 from their current \$3.50 for them to be worth exercising. However, they had an underlying value of \$3.5m at the end of 1995 on a standard option pricing model.

The problem remains that no one has clearly established that Mr Young owns Russ. Even if he does, he might simply have been storing the warrants for convenience, rather than intending to gain personally. For the moment, the ultimate question as to Peter Young's Russ Oil, then he owns these motives remains unan

announced on October 26. the possibility that Mr large stakes in his favoured amount. They are bearer JK and China poised for listing accord

where his extraordinary by setting up half a dozen

companies.

other's equity.

By John Ridding in Hong Kong and Sophle Roell in

The UK and China are set to sign an agreement in Beijing today which will clear the way for the listing of Chinese companies on the London Stock Exchange.

The accord, to be signed in the Great Hall of the People. marks the latest step in China's drive to develop new sources of funding for its companies and should lead to improved access to Chinese equities for UK inves-

Chinese companies are already listed in Hong Kong and New York and agree-

ments are in place for list-ings on the Singapore and Sydney stock exchanges. With 21 companies quoted, Hong Kong is the largest market for mainland issues, and is expected to build on its lead after it returns to Chinese sovereignty next

However, bankers predict Chinese companies will look increasingly to dual listings in Hong Kong and other markets, such as London. They add that the London market could provide advantages for certain Chinese

Mr Arthur Ng, head of corporate finance at NM Rothschild in Hong Kong, says:

Landon recent issu

London share service Managed tund service Money markets

World stock mix indices.

"The companies going to ing Beijing, as a front-runner London may be in specifor the London market. Sevalised areas, such as mining or energy, where there is already a good industry understanding in the mar-

The memorandum of understanding will be signed today by the China Securities Regulatory Commission which selects candidates for overseas listings - the UK's Securities and Invest-

ments Board and the Trea-

sury. It has been under dis-

cussion since 1994. Bankers are tipping Datang Power, an electricity generating company supplying power to three cities in north-eastern China, includ-

eral others, including Jiangxi Copper, are also pushing to issue shares in London and Hone Kone. While officials decline to discuss the timing or size of the issues, the first listing is

expected by next January. Investment analysts in Hong Kong cite growing UK investor interest in Chinese companies. "There is now a broad awareness of China's rapid economic expansion," says one investment banker. "London listings would ease investment because of the time difference with Hong Kong and also because UK investors would be more parency in management.

familiar with London stock exchange regulations," he

Others, however, warned of the experience of Chinese listings in New York, which include two large power companies. "Liquidity has been a big problem," says the China analyst at one Hong Kong-based US bank. "There was a lot of euphoria initially, but we found that most of the trading moved back to Hong Kong quite quickly.

Investor sentiment has been dampened by the poor earnings performance of Chinese companies and, in some cases, by the lack of trans-

UK engineering group set to revamp components side

By Tim Burt

25-26

Siebe, the UK-based controls oday expected to unveil a reorganisation of its automotive activities to take advantage of consolidation in the components industry.

The company, which claims to be the UK's largest diversified engineering group, is creating a new automotive division employing 6,000 workers at 25 manufacturing sites in Europe, the Pacific Rim, North and South America.

It will be part of Siebe's temperature and appliance controls arm, competing with the UK's TI Group, and III and Eaton Corporation Mr Allen Yurko, chief

towards systems integration, said: "This fits our strategy in which carmakers are ask- of building global businesses ing component manufactur- and ensures our compliance and appliances maker, is ers to supply entire subsystems ready for assembly. We are bringing together

our fluid systems and controls activities. It's relatively earth shattering for the businesses involved," according to Mr Yurko. The operations forming

Siebe Automotive are expected to contribute combined sales of about £400m (\$624m) a year, 15 per cent of the group total. In the past year. Siebe has

spent more than £100m on increasing its presence in the automotive industry. where it manufactures tubular fluid systems, valves, thermostats and sensors.

lift Siebe's profits from Mr James Mueller, presiexecutive, said the move dent and chief operating offishowed Siebe was deter- cer of Siebe Temperature mined to be part of the trend and Appliance Controls, profits of about \$430m.

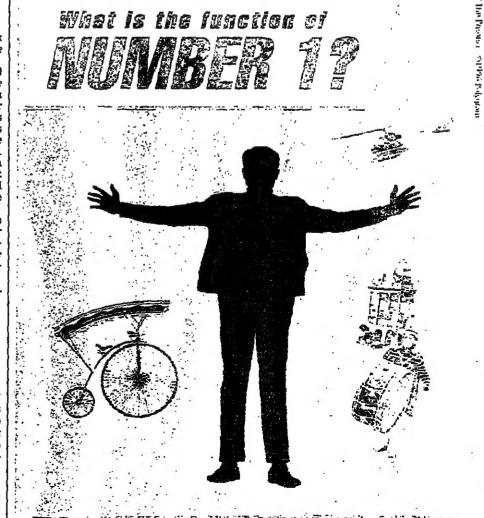
with initiatives by leading vehicle manufacturers to rationalise their supplier base in preference of global suppliers." Operating margins at the

new division are expected to exceed 10 per cent, with a return on assets described by managers as "high double digit".

Existing customers include volume vehicle manufacturers such as Ford. Toyota and General Motors, and specialists including Porsche of Germany. increased demand from

£275.1m to £331.1m in the year to April 1. The company is this year expected to report increased

such manufacturers helped



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COMPANIES IN THIS ISSUE BTR Barclays Bre-X Mutlimedia inv. British Gas NatiVes: Cray Computer Eurotunne

COMPANIES AND FINANCE

BTR steps up joint venture deals in Asia

BTR is about to conclude three new joint venture agreements in Asia as newbroom chief executive Mr Ian Strachan steps up his drive to win 15 per cent of the group's sales from emerging markets.

The deals are designed to enable three of BTR's new core activities, automotive components, packaging and power drives, to achieve faster growth through global specialisation.

In a presentation to analysts, Mr Strachan acknowledged the days of mega-takeovers that gave the congiomerate annual sales of £10bn are over. He is refocusing the group to achieve organic growth through investing in what it does best. But analysts worry that the group's profit margins and cash generation are likely to be eroded during the transition to a strategy of more long-term growth.

to be in automotive components, where BTR has sales of £1.15bn and operating profits of £144m last year. Mr John Thompson, main board director responsible for automotive, said: "I would hope that in a couple of weeks we will be able to announce a joint venture

The first deal is expected

that will take us into sealing systems in China." The joint venture comes only months after BTR took effective control of China's largest manufacturer of vehicle anti-vibration systems. That deal, in BTR's other key area of automotive technology strength, brought with it agreements to supply

Volkswagen Audi, now the biggest carmaker in China. In packaging, where BTR already controls China's largest manufacturer of PET bottles, Great Wall PET, the group is poised to announce a second joint venture agree-

BTR is also seeking to expand in India. Mr Paul Buysse, director responsible for BTR's £980m-a-year Power Drives business, said: "We are hoping to announce a major joint venture in India before the end of the

The group's Process Control arm, under Mr Chris Burns, is also seeking joint venture opportunities in India, where it wants to manufacture industrial batteries and valves.

The four new core businesses areas where BTR is focusing its growth drive, each overseen by a main board director, already account for £4.3bn of annual sales. Together with three regional groups; specialist engineering, building products and polymer products, they will make up Mr Strachan's "new" BTR, earning profits of £1.4bn on sales of

gramme unleashed by the former RTZ executive is now almost two-thirds complete. Yesterday, BTR completed the disposal of Dunlop Aircraft Tyres, which employs 200 people in Birminghem and has annual sales of £13m, in a £10m deal to a group of investors backed by 3i, the venture capital group.

refutes fund claims

By Roger Taylor

Kleinwort Benson confirmed yesterday that it had nformed the financial regulator, IMRO, about a number of allegations being made against it by a former employee, Mr Mark Horn. all of which it denied. Mr Brennan Hiorns, chief investment officer at Klein-

wort, said Mr Horn, a European equities fund manager, had been dismissed on Friday because of his "refusal to accept instructions from management". He added that there were no implications for the funds under Mr Horn's control.

"The reasons for the dismissal were to do with his personal conduct. There is absolutely no suggestion of impropriety concerning the running of the funds," he

Kleinwort is believed have disapproved of Mr Horn's behaviour at public meetings where he is said to have pursued lines of argument which Kleinwort did not feel were in the interests

Mr Horn has accused the investment house of allowing its corporate finance arm to influence the decisions of the investment ment side. Financial regulations require that "Chinese walls" between departments prevent this from happening.

Kleinwort is confident that investigations by IMRO will quickly establish there is no substance to the allegations. It will then decide whether it needs to take any further action against Mr Horn.

Kleinwort Big numbers from the small investor

John Authers explains why market watchers await the cash flow figures from mutual funds

ducer prices information this week, but attention on Wall Street is likely to focus on a different indicator - cash flow into mutual funds for September.

vast sums into the market by small investors has reached such heights in the past two years that it has become one of the most closely watched market statistics. This money is widely seen as the main, possibly the only, factor underpinning the market's record gains of the past year.

Net new cash flow into equity funds for the year to the end of August was \$161.7bn, already well ahead of 1995's record of \$128.2bn. Monthly totals for September, when the stock market logged a strong performance

as fears of base rate rises

proved unfounded, are

expected to rise again, with

managers reporting daily sales between 5 and 6 per cent higher than August. Nobody suggests that inflows will reach the all-time record of January,

receive the latest US pro- decisively from the low of \$5.7bn in July, when the market endured a correction, and seem set to continue at levels considered unthinkable even two years ago.

This supply of cash is The monthly injection of regarded as the saviour of the US stock market, but it has given rise to two fears. The first is that the fund managers have literally more money than they can spend. On this argument, they would either allow funds to become too liquid, with high holdings in cash also a precaution against heavy redemptions - or bid up prices beyond prudent

> Liquidity figures from the Investment Company Institute show equity funds do indeed have a lot of cash on deposit. At the end of August, they held \$110.3bn in cash, out of total assets of \$1,531.3bn. This is a lot of money waiting for a home. But the liquidity ratio, at

7.2 per cent, is slightly lower than the recent trend. It stood as high as 9.0 per cent in November 1994, and fell below 8 per cent in March when funds took \$28.9bn. 1995. This is still comfortably

heavy redemptions A second fear is that high ther. cash flows are bad for fund managers' discipline. There were 5,761 funds at the end

of last year, far more than needed to give consumers a good choice. Management companies have concentrated on control of distribution channels for the past few years, possibly at the cost of improving invest-FUND

MANAGEMENT

ment performance As Mr Michael Price, the highly respected manager of the Mutual Series Funds, put it last week: "The challenge of the next five years is making sure that investing is more important than pushing product."

But most alarming, and the reason the market watches cash flow figures so closely, is that the money which arrived in such a hurry could be withdrawn

Investors are likely to But they have recovered enough to guard against a bear market. This would push share prices down fur-

> The industry is now working hard to show that investors faced with a bear market would not react by selling their mutual funds. They have several points in their favour.

The first is that the single greatest source of their new cash in-flows comes from pension savings, particularly 401(k) plans sponsored by employers. This money by definition arrives in regular monthly chunks, and is invested for the long term. Fund companies are normally required to "educate" company workforces, and are careful to make the point that a drop in share prices allows them to buy more assets for their money.

Demographics are also in the industry's favour. The post-war "baby boom" generation, whose financial behavtour has so far been characterised bу heavy consumption, is turning 50. They now have a decade or so to catch up and provide themselves with a pension. This means they will commit just as swiftly in the event of their funds regularly, and be hurry."

prepared to experiment with relatively risky equities in their bid to catch up.

History also appears to be on the side of mutual funds. The greatest proportionate net outflow of assets they ever suffered followed the stock market crash of October 1987. But even then the sales were not made until the weeks and months after the crash, and came to a net outflow of 4.5 per cent painful for the management companies' profits, but a fig. ure that could easily be accommodated from funds

cash reserves. Apart from October 1987. net outflows have never exceeded 1.1 per cent of total. assets in one month during a market contraction

Perhaps this is why fund managers seem genuinely unworried. Many admit sales could tail off as the market's performance grows less spectacular, but see no prospect of mass redemptions, To quote one manager. "People have had a real faste of what in the markets over a long period of time kind of money can be made period of time now. They won't lose that teste in a

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UK group may take control of Traub

The 600 Group, Britain's biggest machine tool company, has expressed an interest in taking control of Traub, the troubled German machine tool supplier which has put itself up for sale.

However, talks between the two have been contingent on banks propping up Traub agreeing to "ring fence" any future acquirer from the company's DM300m (\$202m) debts.

Group managing director, said he had talked to Mr Gerhard Protze, Traub's chief executive, about the part his company could play in settling the future of the German company - which has lost money for five consecutive years. "We would be

Mr Gaskell. In recent weeks Mr Protze has talked to about 10 com-

very interested in the Traub

brand name - which is one

of the best in Europe," said

ested in taking over his company or forming joint ventures to ease its crippling cash problems. Apart from the 600 Group no other suitors have been revealed. The 600 Group, best

known for its computerised lathes, has recovered strongly from a weak financial position four years ago since when it has been among the UK stockmarket's strongest performers.

It turned in profits before

Mr Colin Gaskell, 600 panies which might be inter- tax of £18.4m last year, on the company more attractive sales of £146.3m - most in machine tools.

In discussions between Traub and possible partners much will depend on the position of the consortium of German banks, led by Deutsche Bank, keeping Traub afloat by continuing their lending.

One way out is for the banks to declare Traub bankrupt - in which case it might be possible to write off some of its debts, making months of this year.

for a potential acquirer. A potential stumbling.

block for the 600 Group is its lack of enthusiasm for taking on Traub's large production operations near Stutigart and in Chemitz - which the UK company regards as being highly expensive operations due to Germany's high labour costs:

Last year Traub had sales of DM521m, and it incurred a DM16.4m loss in the first sir

ORDER OF COURT

rerand Local Division) iburg, Wednesday, 18 September 1996 before the Honourable Mr Justice Joffe

Roken Milnes Limited Corporated in the Republic of South Africa) Igistration number 58/01125/08)

- 1. a meeting ("the scheme meeting") in terms of section 311(1) of the Companies Act, 1973 (the Act), of the ordinary shareholders of the Applicant, registered as such at the close of business on the day (excluding Saturdays, Sundays and public holidays) immediately preceding the day of the scheme meeting, (the scheme members), be convened by Irman mentioned in paragraph 2, (the chairman), who shall fix the time, date and place thereof, for the purpose of considering and, if deemed fit, agreeing to, with or without modification, the scheme of arrangement ("the scheme") proposed by Kinross Mines Limited (registration number 63/06226/06) between the Applicant and its shareholders, registered as such on the record date of the scheme;
- 2. Jonathan Harry Schlosberg, a partner in Bowman Giffilian Hayman Godfrey Inc., attorneys (Jonathan Harry Schlosberg and Bowman Gilfillan Hayman Godfrey Inc., do not act for the Applicant or Kinross) or, failing him, such other independent attorney or advocate nominated by Edward Nathan & Friedland inc., be and is hereby appointed as chairman of the scheme meeting;
- 3. the chairman of the scheme meeting is authorised to:
- 3.3 adjourn the scheme meeting from time to time if he
- 3.4 determine the procedure to be followed at the scheme meeting and any adjournment thereof;
- this Order of Court and a notice convening the scheme meeting be published by the chaliman once in each of the Government Gazetta, Business Day, Beeld, the London Financial Times, Rapport and the Sunday Times on a date at eks before the date of the scheme n The notice shall state:
- 4.1 that the scheme meeting has been convened in terms of
- 4.2 the time and venue of the scheme meeting:
- 4.3 that the scheme meeting has been convened to consider and, if deemed fit, agree to, with or without modification,
- 4.4 that a copy of this Order, the scheme and the explanato statement in terms of section 312(1) of the Act may be rispected during normal working hours at any time pr to the scheme meeting at the registered office of the Applicant, 6 Hollard Street, Johannesburg, or at the Applicant's office in the United Kingdom, 30 Ety Place,
- in terms of section 312(1) of the Act may be obtained free of charge on request by any scheme member from the Applicant at the times and places mentioned in 4.4.
- 5. copies of:
- 5.1 the explanatory statement in terms of section 312(1) of
- 5.3 the form of proxy to be used at the scheme meeting in the form of the applicable attachment to Annexure D to
- the notice of motion: 5.4 this Order of Court: be sent by the Applicant at least 2 (two) weeks before the date of the scheme meeting to each of the shareholders of the Applicant at their addresses as reflected in the Applicant's register of members at the close of business on a date not more than 4 (four) calendar days before the date of

Applicant

Case No. 96/21771

Having heard counsel for the Applicant and having read the application:

- 3.1 appoint scrutineers for the purpose of the scheme
- 3.2 determine the validity and acceptability of any form of proxy submitted for use at the scheme meeting;
- onsiders it necessary to do so; and
- London, EC1N 6UA and at the chairmen's office; and 4.5 that a copy of this Order and the explanatory statement
- 5.2 the notice convening the scheme meeting in the form of the applicable attachment to Annexure D to the notice of motion, showing the time, date and place of the scheme

- 6, a copy of:
- 6.1 the scheme and the explanatory statement in terms of section 312(1) of the Act
- 6.2 the notice convening the scheme meeting in the form of
- the applicable attachment to Annexure D to the notice of 6.3 form of proxy in the form of the applicable attachment to
- Annexure D to the notice of motion; 6.4 this Order of Court:
- shall lie for inspection at and be obtained free of charge from the registered office of the Applicant and the Applicant's office in the United Kingdom, at the times and places mentioned in 4.4. for at least 2 (two) weeks prior to the date
- 7. the chairman of the acheme meeting shall report the results of the scheme meeting to this Honourable Court on Tuesday, 12 November 1996 at 10:00 or so soon thereafter as Counsel
- 8, the report required by this Honourable Court from the chairman of the scheme meeting shall comply with the requirements of section FE of the Practice Manual of this Honourable Court and without derogating from the generality of the aforegoing, details should be given of:
- 8.1 the number of shareholders present in person at the
- acheme meeting; 8.2 the number of shareholders represented by proxy with Information as to the number represented by him in Information as to the number represer terms of proxies which were annexed to Annexure D to
- the notice of motion: 8.3 the number of shares in the Applicant held by all the
- 6.4 any proxies which have been disallowed;
- 8.5 all resolutions passed at the meeting, with particulars of the number of votes cast in favour of and against each such resolution and of any abstentions, indicating how many votes were cast in terms of proxies in the form
- red to Annexure D to the notice of motion; \$.6 all rulings made and directions given by the chairman at the scheme meeting; and
- the main points of any other scheme of arrangement which was submitted to the meeting;
- 9, the chaliman of the scheme meeting shall make avail (and the notice of the scheme meeting which will be (and the hotice of the scheme meeting which will be published and sent to the Applicant's shareholders shall include a statement that it is so available) a copy of the chaliman's report to this Honourable Court, free of charge to any scheme member on request for it, for at least 4 (four) days from the Tuesday preceding the date fixed by this Honourable Court for the chairman to report back to it; and

10.any scheme member wishing to vote by proxy should tender a proxy in the form of the applicable attachment to Annexus

D to the notice of motion.

By Order of the Court

Registrar 18 September 1998

Edward Nathan & Friedland Inc. Applicant's attorneys 23rd Floor 206 - 214 Jeppe Street Johannesburg, 2001 (PO Box 3370, Johannesburg, 2000) (Refer: Mr M Katz/Mr K W Joselowitz) Tel. (011) 337-2100

NOTICE OF SCHEME MEETING

in the Supreme Court of South Africa (Witwatersrand Local Division)

in the ex parte application of

(Incorporated in the Republic of South Africa)

(Registration number 59/01126/06)

Case No. 96/21771 -:

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Notice is hereby given that, in terms of an Order of Court, dated 18 September 1996, in the above matter, the Supreme Court of South Africa (Witwatersrand Local Division) ("the Court") has ordered in: accordance with the provisions of section 311 of the Companies Act, 1973, that a meeting ("the scheme meeting") of ordinary shareholders of the Applicant (other than Kinross Mines Limited (registration number 63/06226/06) ("Kinross")), registered as such at the close of business on Monday, 4 November 1996 ("the scheme members") be convened under the chairmanship of Jonathan Harry Schlosberg, a partner of Bowman Gilfillan Hayman Godfrey Inc., attorneys (Jonathan Harry Schlosberg and Bowman Gilfillan Hayman Godfrey Inc., do not act for the Applicant or Kinross), or, falling him, such other independent attorney or advocate nominated by Edward Nathan & Friedland Inc. for the purpose of considering and, if deemed fit, agreeing to with or without modification, the scheme of arrangement ("the scheme") proposed by Kinross between the Applicant and the holders of its issued shares (other than

Kinross) ("the scheme shares"). The scheme meeting will be held at 10:30 (South African time) on Tuesday, 5 November 1996, in the

Lecture Room, 1st Floor, 6 Hollard Street, Johannesburg. A copy of the scheme, the explanatory statement in terms of section 312(1) of the Companies Act, 1973 explaining the scheme, the notice concerning the scheme, the form of proxy, and the Order of Court convening the scheme meeting are included in the circular sent to shareholders and copies may, on request by any scheme member, during normal working hours be inspected at or obtained free of charge from the registered office of the Applicant, 6 Hollard Street, Johannesburg, at the Applicant's office in

the United Kingdom, 30 Ely Place, London, EC1N 6UA, and at the chairman's office. Each scheme member may attend, speak and vote in person at the scheme meeting or may appoint any other person or persons (who need not be shareholders of the Applicant) as a proxy or proxies to attend, speak and vote in such scheme member's place.

The necessary form of proxy (brown) is included in the circular sent to shareholders. Additional forms of proxy may be obtained on request from the registered office of the Applicant and its office in the United Kingdom as set out above.

Each signed form of proxy must be lodged with or posted to Consolidated Share Registrars Limited, 1st Floor, Edura, 41 Fox Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) in South Africa or Independent Registrars Group Limited, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU in the United Kingdom, so as to be received by no later than 10:30 (South African time) on Monday, 4 November 1996 or handed to the chairman of the scheme meeting by no later than ten (10) minutes before the time for which the scheme meeting is convened.

Where there are joint holders of scheme shares, any one of such persons may vote at the scheme

meeting in respect of such shares as if he was solely entitled thereto, but if more than one of such joint

holders be present or represented at the scheme meeting, that one of the said persons whose name stands first in the Applicant's share register in respect of such shares and his proxy, as the case may be, shall alone be entitled to vote in respect thereof. In terms of the Order of Court dated Tuesday, 18 September 1996, the chairman of the scheme meeting will report the results thereof to the above Honourable Court at 10:00 or so soon thereafter as Counsel. may be heard on Tuesday, 12 November 1996. A copy of the chairman's report to the Court will be available on request (free of charge) to any scheme member at the chairman's office, and the registered office of the Applicant and at the Applicant's office in the United Kingdom at the time and place

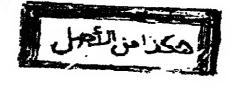
mentioned above for at least 4 (four) days from the Tuesday preceding the date fixed by the Court for the chairman to report back to it. The scheme is subject to the fulfilment of certain conditions precedent stated in the scheme, one of such

to the same way.

conditions being its sanction by the above Honourable Court. Jonathan Harry Schlosberg Chairman of the scheme meeting

Attorneys to the scheme Edward Nathan & Friedland Inc. 23rd Fleor Sanlamsentrum 206 - 214 Jeppe Street Johannesburg, 2001 (P O Box 3370, Johannesburg, 2000) (Refer. Mr M Katz or Mr K W Joselowitz)

Tel. (011) 337-2100



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FINANCIAL TIMES MONDAY OCTOBER 7 1996 *

COMPANIES AND FINANCE

MeesPierson strengthens Fortis

By Gordon Cramb in Amsterdam

Fortis, the Belgian-Dutch insurance and savings instiintion, is to gain a strong presence in the Netherlands' securities markets, and more than Fl 50bn (\$29bn) of client funds under management, through the purchase of MeesPierson, the distinguished Amsterdam merchant bank.

it signed an agreement in principle on Friday night with ABN Amoro, the country's largest banking group, which had acknowledged earlier in the week it was in talks to sell MeesPierson. No price was disclosed but the deal, to be completed within two months, is said to be worth as much as F12.3bn.

It will convert the six-yearold Fortis into a full-fledged operator in the financial markets, offering compre-

to overturn

Premiere

injunction

DF-1, the German digital

satellite television venture

owned by Kirch Gruppe,

plans to go to court in

Munich today to try to over-

turn an injunction prevent-

ing the showing of premier

films on its service, obtained

last week by Premiere, the

German pay-television chan-

nel in which Kirch has a 25

The litigation has brought

into the open the simmering

row between Kirch and its

partners in Premiere -Bertelsmann, the German-

based international media

group, and Canal Plus, the

Disagreements range from

the use Kirch makes of its

film rights in Germany to

requests that BSkyB, DF-1's

partner, should become a

On Friday, Mr Bernd Kun-

drun, chief executive of Premiere, which has around

1.5m subscribers, said he had sought the injunction with recret. But it was fac-

ing "an open attack" by one

Mr Gottfried Zmeck, chief

executive of DF-1 and a

managing director of Kirch,

has made it clear he is

thinking of developing a

broadcast of Forrest Gump -

the sort of film that Premi-

ere believes it has the right

to show exclusively.

of its own shareholders.

Premiere shareholder.

French pay TV company.

per cent stake.

By Raymond Snoddy

hensive equity research and trading, corporate finance and asset management, as well as private banking for rich individuals. This will add to its existing activities in life and general insurance and retail deposit taking.

"The acquisition by Fortis could offer MessPierson the opportunity to further Amro shareholders". develop its activities as a specialised merchant bank Within a group that is active in fields that are totally complementary to those of Mees-Pierson," the company said.

The nestness of the fit while offering little room for rationalisation - is in contrast to its time under ABN Amro, which created Mees-Pierson from the merchant banking arms of the two banks in its own merger in 1991, but never knew quite what to do with it. ABN Amro has other

banking

operations, notably through London stockbroker Hoare Govett, and the units often found themselves competing. It said it was convinced "MeesPierson's growth potential is best served as a member of the Fortis group" and that the deal would "be to the advantage of ABN

Fortis - which had consolidated assets at end-June of Ecu127.4bn (\$102m) - was formed by a merger of operations between AG, the Belgian insurer, and the Utrecht-based Amey.

Mr Hans Bartelds, Fortis co-chairman, made clear his ambitions this summer, saying "my main prediction is that large companies will set the tone" in financial services, but acknowledged that "the more companies that are combined in one group, the more corporate cultures there are to fight for a posi-

tion in the group culture". After agreeing terms with ABN Amro, this may be his main remaining problem. Senior staff at MeesPierson had threatened to resign unless their new owner was to their liking. With the Amsterdam bourse trading at record levels, their skills are at a premium.

MeesPierson, which can trace its origins back 275 years, had been rationalising its activities while attempting to resolve differences in culture between the Mezen and Pieren - flung together in 1993 when the 4,000 employees of Bank Mees & Hope and Pierson, Heldring

and Pierson were combined. On Friday night, its management was described as "pleased the strategic reorientation it has initiated is now resulting in a clear direction that paves the way for further expansion".

DF-1 seeks Volkswagen appoints Belgian to head Seat

By Gracia Cardador and Halg Simonian

Volkswagen, Europe's leading carmaker, is to consolidate its hold over Seat with the appointment of the first non-Spanish chairman of its embattled offshoot, VW will shortly announce

that Mr Pierre-Alain de Smedt, head of its Brazilian operation, will replace Mr luan Llorens as chairman. Mr Llorens has overseen Seat's recovery over the past three years but is not believed to have the confidence of Mr Ferdinand Piech, VWs chairman.

The change of leadership comes at a crucial time for Seat, acquired by VW in 1986. It is expected to announce a turnround in 1996 after four years of losses, during which VW has replaced all but one of the Spanish members of its board with foreigners.



Pierre-Alain de Smedt: faces serious problems at Seat

Seat expects net profits of nearly Pta3bn (\$23m) this year, in the eight months to and-August, net earnings were Pta2.76bn on sales up 32 per cent to Pta390.5bn. Full-year sales should reach Pta600bn compared with Pts456bn in 1995.

to be looking to expand in South America, where Brazil and Argentina are seen as ideal for its youthful style and moderate prices. In spite of high import tar-

iffs, demand has proved resilient in both countries. Seat is undertaking studies on whether vehicles could be assembled at the Pacheco plant in Argentina using metal pressings from Spain. Mr de Smedt would be well placed to lead Seat's South American expansion. He has

been with VW in Brazil for five years, most recently running its entire South America operation. Earlier, he headed VW in his native Belgium. However, he faces serious problems at Seat. The com-

nany remains heavily indebted and risks confrontation with its entrenched unions in trying to improve

Split Gemina opens trading

the Italian Gemina. investment company controlled by the salotto buono the cream of Italy's business community - will today begin trading as two sepa-

premium film channel for rate entities. This follows a decision late the DF-1 digital package which already includes 19 on Friday to split Gemina's valuable industrial portfolio channels. There that even away from its troubled merbeen suggestions that Kirch chant banking and financial might end film contracts activity. Gemina shares were with Premiere and concentrate on developing DF-1. suspended on Friday at L760 pending an announcement, Unless DF-1 is successful in its appeal, it will be after several days of speculative movement unable to go ahead with the

Of the original Gemina assets of L2,305bn (\$1.5bn). all but L280bn will go to forming a new quoted com-

zioni Industriali (HPI). It will have capital of L1,348hn, reserves of L731bn and cash of L964bn which, under the split, will mean nine out of every 10 old Gemina shares. The residual financial activity will remain under the name of Gemina, also quoted, with L149bn of capi-

tal, and reserves of Laibn. The decision followed months of uncertainty in the wake of last year's abortive attempt to merge with Ferruzzi Finanziaria (Ferfin), the holding company which controlled the Montedison industrial group. The aim of that merger was for Gemina to absorb Ferfin following the collapse of the latter's

empire. Fiat, the automotive group and main shareholder in Gemina, would have transfered four chemicals and bio-engineering companies to the enlarged group.
'Super-Gemina' would

have been Italy's secondlargest company. But the scheme foundered in part because small shareholders felt prejudiced by a move they could not control, and which appeared designed to benefit big shareholders such as Fiat and Mediobanca, the powerful Milan merchant bank.

Initial reaction from small shareholders to the restructuring of Gemina appeared

INTERNATIONAL NEWS DIGEST

Contest intensifies in CIC bidding

Bids for the privatisation of CIC, the French banking group, close today amid political debate over its future owner and accusations of industrial espionage. The state plans to decide in the next few weeks on one or two candidates from a short-list which will be given access to CIC's books before placing final bids for the two-thirds of the shares being offered.

At least a dozen potential buyers are believed to have expressed interest in the sale, and many have inspected sensitive financial information on CIC in a "data room" in a secret location in Paris over the last few weeks. At least one institution was reprimanded after some of its representatives were caught loitering at the entrance to the data room, thought to be trying to learn the identity

of other potential buyers. The proposed sell-off has caused concern among a number of the 11 highly-autonomous French regional hanks within the CIC group, some of which have discussed the alternative idea of a "mutualisation" funded by stock market listings to prevent the group falling into the hands of a rival bank. They fear that a number of the possible buyers - such as Société Générale or Banque Nationale de Paris - would prefer to split up the group. CIC last week reported net income up 61 per cent at FFr533m (\$103m) for the first half of the year, giving it a book value in GAN's accounts of FFr14.6bn.

Bre-X dismisses delay talk

Bre-X Minerals, the Canadian exploration company, has dismissed reports that it faces delays and legal disputes in its attempts to develop a huge gold deposit in Indonesia. Bre-X shares lost 9 per cent in heavy trading on the Toronto Stock Exchange on Friday. The shares, which have soared over the past 18 months from less than C\$2 to C\$28.65 after a 10-for-one split, ended last week at C\$24.55. Bre-X, which has yet to produce an ounce of gold, has a market value of about C\$5.3bn (US\$3.9bn).

The company controls the Busang gold project on the island of Kalimantan. Busang's three zones contain estimated reserves of 47m ounces, but many analysts expect the figure to rise as further exploration is completed. Reports surfaced last week that the Indonesian government was investigating claims by a local company, PT Krueng Gasui, to a 10 per cent stake in the south-east and north-west zones. PT Krueng already owns 10 per cent of the central zone, which contains less than a 10th of Busang's disclosed reserves. Bernard Simon. Toronto

Foreign cap hits Indian shares

Indian brokers are bracing themselves for further stock market falls following a decision to enforce a cap on foreign holdings of equity in State Bank of India, the country's largest. The bank last week successfully placed india's largest issue of global depositary receipts, but was forced to scale back the offering to stay under the 20 per cent ceiling on foreign equity holdings.

Until the close of the issue, it had been unclear whether the ceiling applied to the bank. SBI raised its target of 350m through the issue, but chose to take up only \$19.98m of a \$50m greenshoe option, although the issue, the largest since Reliance Industries raised \$300m in 1994. attracted orders worth \$888m. SBI shares fell Rs10.5 to Razza on Friday in response to news of the ceiling on foreign holdings, dragging the rest of the market with it. The market's most prominent indicator, the BSE 30 Index. d 94.54 noints, or 3 per ce

SBI shares dropped well below the price struck for the GDR issue. Each GDR, which represents two underlying domestic shares, was priced at \$14.15. This translates into a domestic share price of Rs251, a 5 per cent premium over Thursday's closing price for the stock but close to parity over a previous three-day closing average.

Multimedia funds under way

Multimedia Investissements, the French company chosen by the European Commission to stimulate the development of multimedia products in Europe, will today announce the creation of the first of a series of funds dedicated to multimedia. The French group has already brought together 24 European groups, including BBC Worldwide, Bertelsmann and Kirch of Germany, Kinnevik of Sweden. Prisa of Spain and RTE, the Irish national broadcaster. The Commission is expected to invest Ecu3m (\$2.4m) this year, with the industrial partners contributing a further Ecu?m.

BANK OF GREECE

Entrance Examinations

Post-Graduate Degree Holders

The Bank of Greece seeks to recruit high calibre personnel for its Head Office in Athens. Candidates must hold postgraduate degrees M.A. or M.B.A. or M.Sc. or Ph.D.) in one of the following fields:

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The vacancies are for: up to 10 persons with studies in Economics

+ up to 4 persons with studies in Business Administration

• up to 5 persons with studies in Statistics. Candidates must have been born on or after 1 January 1960 and must

up to 6 persons with studies in Business Administration (Finance)

be fluent in Greek and English. Knowledge of another language of the European Union would be an advantage. The terms and conditions for participation in the entrance examinations are stated in a separate form which can be obtained, along with the application form, from the Bank of Greece, 21 E. Venizelou Avenue, Athens toffice 241, tel. nos. 01-320.2079,

320,2081, 320,2066, fax no. 01-323, 3461). Applications will be accepted from 9 October to 14 November 1996, The entrance examinations will be held at the Head Office of the

Bank on 23 and 24 November 1996. The Administration Department

Application has here made as the London Stack Exchange for the while of the named authory share capital of the Company on by relevant in the Official London Stack Exchange. It is required that polytical was to Official Long will factory reflection and their facilities on such times will Common on 10 Combot 17986

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Shareholders are informed of a dividend of US\$0.40 per share of Com-Stock to holders of record as of September 30, 1996.

The ex-divided date was September 25, 1996. Shareholders have the optic receiving cash or stock dividends. Please contact your broker for informations. The stock dividend will be determined based on the net asset val

on October 2, 1996. The dividend will be said on October 15, 1996. Payment of the dividend on the beaver shares will be made against surrender of coupon No. 25 detached from the share certificates which for this purpose shall be todged at:

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guaranteed by The Government of the State of New South Wales NOTICE IS HEREBY GIVEN to the holders of the Notes (the "Noteholders") that the Bank has agreed with The Law Debenture Trust Corporation p.l.c. (the "Trustee") as trustee for the Noteholders requisite modifications to the provisions of the Trust Deed constituting, and the Conditions of, the Notes such that with effect on and after 30th September, 1998: (i) the provisions thereof pursuant to which the Notes would, in the svent of the winding up of the Bank, be subordinated to Senior Creditors (as therein defined)

have ceased to apply: (ii) the Notes accordingly rank and will rank pari passu, without any preference among themselves, with all other outstanding unconditional, unsecured and unsubordinated obligations of the Bank, present and future, other than obligations preferred by mandatory provisions of law; and

(III) the Notes shall be known as "10% per cent. De-Subordinated Notes due 1999".

In relation to the above, only the modifications necessary to disapply the autordination provisions to the Notes have been made and no changes have been made to, for example, the svents of default. The Notes continue to be guaranteed by The Government of the State of New South Wales and will not be covernment of the State of teem study was and will him be alled in for endorsement or replacement. The modifications are contained in a Second Supplemental Trust Deed dated 30th September, 1996 between the Bank and the Trustee copies of which are available for inspection at the principal office of the Trustee, presently at Princes House, 95 Gresham Street, London EC2V TLY, and at the specified offices of the ng Agents set out be

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Luxembourg S.A. Da Boulevard Royal

Banque Paribas (Suisse) S.A. 2 Piece de Hollande, 1204 Geneva, Sw Dated: 7th October, 1995 For and on behalf of State Bank of M



For senior management positions. For information please contact:

Robert Hunt

COMPANIES AND FINANCE

Plasson £20m IPO founders

pioneer of super-computers

By Judy Dempsey

Plasson, Israel's largest plastic company, has become the first business casuality of the recent outbreak of violence between Israeli and Palestinian forces, after investors failed to take up £1.9m (\$3m) of a £20m initial public offering. It leaves Plasson short of the London Stock Exchange's minimum float requirement of 25 per

"The reason is the political instability. This is a real disappointment," said Mr Shaul even for Plasson, which is a Ashkenazi, managing direc-

Seymour Cray, whose name

world's most powerful super-

computers, died on Saturday

from injuries sustained in a

car accident last month. He

Research, the leading super-

computer manufacturer, and

later Cray Computer, a

super-computer development

company, Mr Cray was rek-

nowned as the architect of

high-speed computers used

to analyse huge quantities of

data in university and

A technology pioneer, he

designed some of the first computers based on sami-

conductor translator technol-

ogy, rather than vacuum

tubes, while working at Con-

trol Data Corporation in the

He established Cray

Research in 1972 with the

defence laboratories.

late 1950s.

The founder of Cray

By Louise Kehoe

OBITUARY: SEYMOUR CRAY

is synonymous with the puting power and speed.

slated to become the first cha Securities and Invest-Israeli company to seek a full listing in London.

This lack of investor confidence could bode ill for other Israeli companies considering IPOs, and affect the level of foreign investment which has flowed quickly into Israel since the peace pro-cess began three years ago. Over that period, foreign investment rose six times to more than \$2hn last year. "Of course, political insta-

bility has taken its toll on world class company," said its sales, which last year

fastest computers. Four

years later, the company unveiled the Cray-1, which

set a world record in com-

By 1985, when the Cray-2

was launched, he had

increased super-computing speed by a factor of 10.

were used to simulate the

explosion of nuclear weap-

ons, to forecast weather,

map underground oilfields

and to address the "big chal-

lenges" of science. Most of

its multi-million dollar com-

puters were, however,

bought with government

War, the company was

forced to adapt to broader

and more cost-sensitive com-

mercial markets. At about

the same time, a new and

lower-cost approach to

Rather than building

super-fast computing angines, several newcomers

super-computing emerged.

With the end of the Cold

Cray's super-computers

tor of Plasson, which was Mr Shachar Gazit from Batu- totalled £52m, are exported,

"And of course, some foreign investors are waiting to see what will happen over the next few days in the political arena," he said. Israeli and Palestinian officials were last night trying to kick-start the peace negotiations in an attempt to put

them back on track. Plasson was planning to issue 12.5m

shares and raise about £20m

as part of a long-term strategy aimed at expanding its operations in Europe. More than 85 per cent of

Seymour Cray: architect of

ers that employed hundreds

or even thousands of

standard microprocessor

chips, in so-called "mas-

sively parallel computer

systems". Although more

difficult to program, these

massively parallel comput-

ers achieved performance

comparable with the more

high-speed computers

with Europe accounting for 70 per cent of exports. Net profits were £4.4m. Mr Ashkenazi said about

two weeks ago," he said. Plasson will today recon-

expensive Cray computers.

Mr Cray remained con-

vinced, however, that his

single-engine computers,

built using the fastest com-

ponents, could outrun the

massively parallel crowd. In 1989, he formed an inde-

pendent company, Cray

Computer, to pursue his fas-

cination with a new branch

of semiconductor technology

based on gallium arsenida.

rather than silicon, which

promised faster chips.
This "bleeding edge" tech-

nology was, however, to be

the downfall of Cray Com-

failed to demonstrate prom-

puter. When the company

ised results by the and of

1991, the US government lab-

oratory that had placed the

first, and only, order for the

new Cray Computer with-

drew its support. The com-

pany never found another

buyar, and closed last year. Undaunted, just two

months ago Mr Cray opened

yet another computer com-

pany, SRC Computer.

20 per cent of the shares had already been sold. "Things were going really well until the violence started nearly

sider its options when trading resumes. "We now just have to wait and see," said Mr Ashkenazi, whose company, set up in 1972, grew out of the Kibbutz Ma'agan Michael, becoming a world leader in highly specialised injection molded plastics.

INTERNATIONAL NEWS DIGEST

Technology stock index climbs 7%

European publicly quoted technology shares rebounded in August, rising nearly 7 per cent between July 16 and the start of September, according to the European II lindex published by Broadview Associates, the II mergers and acquisitions specialists. The IT Index ended the period at 113.04, compared with 1.07.1 at the start of August and 105.77 in mid-July. Over the same period, the FTSE 100-Index rose by just over 4 per cent, and the Eurotrack 100 fell 5 per cent, confirming that technology shares. recovered faster than other industries.

"We have seen the first real hiccup in the quoted IT :sector for nearly a 18 months," said Mr Victor Basta managing director of Broadview's London-based European office. "However, even with the sharp correction of some of the best known IT companies, such as Motorola and Netscape in the US, underlying demand for European IT shares continues to be strong."

Broadview's European IT index tracks the share performance of 430 fT companies from 14 European countries. The top performers were the software products and services and the media and content services section. which gained 11 per cent and 9.5 per cent respectively in just six weeks. The latest gain means the media and content sector has gained 35 per cent since the start of the year, and now stands at 124.91 compared with 100 on April 8. In contrast Broadview's US technology Index shows a much more severe correction and has yet to fully recover

SE-Banken joins EBS system

The EBS Partnership, the electronic currency broken system established to rival Reuters, has expanded sales with the entry of Sweden's Skandinaviska Enskille Banken as a partner. SE-Banken becomes the 14th institution to join the spot broking co-operative.

EBS was founded three years ago by a group of fireign exchange market-makers, including Citibank, to conserve with the Reuters 2002 electronic system. EBS calculates that its share of the total spot broking activity in the: London market is around 30 per cent, with more than a so per cent share in the large Asian centres. Money broken have been severely hit by the success of automated order-driven trading on Reuters 2002 and EBS

Richard Ada

Gencor Little

The merger

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f Stock exchange history

i The claw-back office

Global One product

The three partners in the Global One telecoms alliance Franca Télécom, Deutsche Telekom and Sprint - have developed a new business product enabling companies in use standard Internet applications on their internal information systems. According to France Telecom; commercialisation of the new product is expected to ge under way at the start of next year. David Owen, Pure

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ORDER OF COURT

in the Supreme Court of South Africa 📑 (Witwatersrand Local Division) Johanneeburg, Wedneeday, 18 September 1996 before the Honourable Mr Justice Joffe

ak Nines Limited

in the experie application of

(Incorporated in the Republic of South Africa) (Registration number 55/03806/06)

Heving heard counsel for the Applicant and having read the application:

- a meeting ("the scheme meeting") in terms of section 311(1) of the Companies Act, 1973 ("the Act"), of the ordinary sharsholders of the Applicant, registered as such at the close of business on the day (excluding Saturdays, Sundays and public holidays) immediately preceding the day of the scheme meeting, ("the scheme members"), be convened by the chairman mentioned in paragraph 2, ("the chairman"), who shall fix the time, date and place thereof, for the purpose of considering and, if deemed fit, agreeing to, with or without modification, the scheme of arrangement ("the scheme") proposed by Kinross Mines Limited (registration number 63/06226/06) between the Applicant and its shareholders, registered as such on the record date of the acheme;
- 2. Jonathan Harry Schlosberg, a partner in Bowman Gliffilian Hayman Godfrey Inc., attorneys (Jonathan Harry Schlosberg and Bowman Gilfillan Hayman Godfrey Inc., do not act for the Applicant or Kinross) or, talling him, such other Independent attorney or advocate nominated by Edward Nathan & Friedland Inc., be and is hereby appointed as chairman of the
- 3, the chairman of the scheme meeting is authorised to: 3.1 appoint scrutineers for the purpose of the scheme
- 3.2 determine the validity and acceptability of any form of proxy submitted for use at the scheme meeting;
- 3.3 adjourn the scheme meeting from time to time if he considers it necessary to do so; and
- 3.4 determine the procedure to be followed at the achema meeting and any adjournment thereof;
- 4, this Order of Court and a notice convening the scheme meeting be published by the chairman once in each of the Government Gazette, Business Day, Beeld, the London Financial Times, Rapport and the Sunday Times on a date at least 2 (two) weeks before the date of the scheme meeting. The notice shall state:
- 4.1 that the scheme meeting has been convened in terms of
- 4.2 the time and venue of the scheme meeting; 4.3 that the scheme meeting has been convened to consider and, if deemed fit, agree to, with or without modification,
- 4.4 that a copy of this Order, the scheme and the explanatory statement in terms of section 312(1) of the Act may be inspected during normal working hours at any time prior to the scheme meeting at the registered office of the Applicant, 6 Hollard Street, Johannesburg, or at the Applicant's office in the United Kingdom, 30 Ely Place, London, EC1N 6UA and at the challman's office; and
- 4.5 that a copy of this Order and the explanatory statement in terms of section 312(1) of the Act may be obtained free of charge on request by any scheme member from the Applicant at the times and places mentioned in 4.4.
- 5.1 the explanatory statement in terms of section 312(1) of
- 5.2 the notice convening the scheme meeting in the form of the applicable attachment to Annexure D to the notice of motion, showing the time, date and place of the scheme
- 5.3 the form of proxy to be used at the scheme meeting in the form of the applicable attachment to Annexure D to the notice of motion:
- 5.4 this Order of Court; be sent by the Applicant at least 2 (two) weeks before the date of the scheme meeting to each of the shareholders of the Applicant at their addresses as reflected in the Applicant's register of members at the close of business on a date not more than 4 (four) calendar days before the date of

Case No. 95/21770

goal of building the world's to the field designed comput-

6. a copy of:

6.4 this Order of Court;

- 6.1 the scheme and the explanatory statement in terms of section 312(1) of the Act;
- 6.2 the notice convening the scheme meeting in the form of the applicable attachment to Annexure D to the notice of
- 6.3 form of proxy in the form of the applicable attachment to Annexure D to the notice of motion:
- shall lie for inspection at and be obtained free of charge from the registered office of the Applicant and the Applicant's office in the United Kingdom, at the times and places mentioned in 4.4, for at least 2 (two) weeks prior to the date of the scheme meeting;
- 7. the chairman of the scheme meeting shall report the results of the scheme meeting to this Honourable Court on Tuesday 12 November 1996 at 10:00 or so soon thereafter as Counse
- 8. the report required by this Honourable Court from the chairman of the scheme meeting shall comply with the requirements of section FE of the Practice Manual of this ionourable Court and without derogating from the generality of the aforegoing, details should be given of:
- 8.1 the number of shareholders present in person at the scheme meeting;
- 8.2 the number of shareholders represented by proxy with information as to the number represented by him in terms of proxies which were annexed to Annexure D to the notice of motion:
- 8.3 the number of shares in the Applicant held by all the 8.4 any proxies which have been disallowed:
- 8.5 all resolutions passed at the meeting, with particulars of the number of votes cast in favour of and against each such resolution and of any abstentions, indicating how many votes were cast in terms of proxies in the form annexed to Annexure D to the notice of motion;
- 8.6 all rulings made and directions given by the chairman at
- 8.7 the main points of any other scheme of arrangement which was submitted to the meeting;
- 9. the chairman of the scheme meeting shall make available (and the notice of the scheme meeting which will be published and sent to the Applicant's shareholders shall include a statement that it is so available) a copy of the chairman's report to this Honourable Court, free of charge to any scheme member on request for it, for at leadays from the Tuesday preceding the date fix Honourable Court for the chairman to report back to it; and
- 10.any scheme member wishing to vote by proxy should tender a proxy in the form of the applicable attachment to Annexure D to the notice of motion.

By Order of the Court

Registrer 18 September 1996

Edward Nathan & Friedland Inc. Applicant's attorneys 3rd Floor 206 - 214 Jeppe Street Johannesburg, 2001 (PO Box 3370, Johannesburg, 2000) (Refer: Mr M Ketz/Mr K W Joselowitz) Tel. (011) 337-2100

NOTICE OF SCHEME MEETING

In the Supreme Court of South Africa (Witwatersrand Local Division)

In the ex parts application of

Winkelheak Mines Limited orporated in the Hebublic of (Registration number 55/03606/06) Case No. 96/21770

Applicant

Notice is hereby given that, in terms of an Order of Court, dated 18 September 1996, in the above matter, the Supreme Court of South Africa (Witwatersrand Local Division) ("the Court") has ordered in accordance with the provisions of section 311 of the Companies Act, 1973, that a meeting ("the scheme" meeting") of ordinary shareholders of the Applicant (other than Kinross Mines Limited (registration number 63/06226/06) ("Kinross")), registered as such at the close of business on Monday, 4 November 1996 ("the scheme members") be convened under the chairmanship of Jonathan Harry Schlosberg, a partner of Bowman Gilfillan Hayman Godfrey Inc., attorneys (Jonathan Harry Schlosberg and Bowman Gilfillan Hayman Godfrey Inc., do not act for the Applicant or Kinrose), or, failing him, such other Independent attorney or advocate nominated by Edward Nathan & Friedland Inc. for the purpose of considering and, if deemed fit, agreeing to with or without modification, the scheme of arrangement ("the scheme") proposed by Kinross between the Applicant and the holders of its issued shares (other than. Kinross) ("the scheme shares").

The scheme meeting will be held at 11:30 (South African time) on Tuesday, 5 November 1996, in the Lecture Room, 1st Floor, 6 Hollard Street, Johannesburg.

A copy of the scheme, the explanatory statement in terms of section 312(1) of the Companies Act, 1973 explaining the scheme, the notice concerning the scheme, the form of proxy, and the Order of Court convening the scheme meeting are included in the circular sent to shareholders and copies may, on request by any scheme member, during normal working hours be inspected at or obtained free of charge from the registered office of the Applicant, 6 Hollard Street, Johannesburg, at the Applicant's office in the United Kingdom, 30 Ely Place, London, EC1N 6UA, and at the chairman's office.

Each scheme member may attend, speak and vote in person at the scheme meeting or may appoint any other person or persons (who need not be shareholders of the Applicant) as a proxy or proxies to: attend, speak and vote in such scheme member's place.

The necessary form of proxy (grey) is included in the circular sent to shareholders. Additional forms of proxy may be obtained on request from the registered office of the Applicant and its office in the United

Each signed form of proxy must be lodged with or posted to Consolidated Share Registrars Limited, 1st Floor, Edura, 41 Fox Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) in South Africa or Independent Registrars Group Limited, Bourne House, 34 Beckenham Road, Beckenham. Kent BR3 4TU in the United Kingdom, so as to be received by no later than 11:30 (South African time) on Monday, 4 November 1996 or handed to the chairman of the scheme meeting by no later than ten (10) minutes before the time for which the scheme meeting is convened.

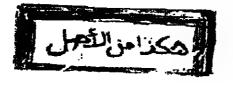
Where there are joint holders of scheme shares, any one of such persons may vote at the scheme meeting in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders be present or represented at the scheme meeting, that one of the said persons whose name. stands first in the Applicant's share register in respect of such shares and his proxy, as the case may be, shall alone be entitled to vote in respect thereof.

In terms of the Order of Court dated Tuesday, 18 September 1996, the chairman of the scheme meeting will report the results thereof to the above Honourable Court at 10:00 or so soon thereafter as Coursel may be heard on Tuesday, 12 November 1996. A copy of the chairman's report to the Court will be available on request (free of charge) to any scheme member at the chairman's office, and the registered office of the Applicant and at the Applicant's office in the United Kingdom at the time and place mentioned above for at least 4 (four) days from the Tuesday preceding the date fixed by the Court for:

The scheme is subject to the fulfilment of certain conditions precedent stated in the scheme, one of such conditions being its sanction by the above Honourable Court.

Jonathan Harry Schlosberg Chairman of the scheme meeting

Attorneys to the scheme Edward Nathan & Friedland Inc. 23rd Floor Sanlamsentrum 206 - 214 Jeppe Street Johannesburg, 2001 (P O Box 3370, Johannesburg, 2000) (Refer: Mr M Katz or Mr K W Joselowitz) Tel. (011) 337-2100



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BONDA

Gencor Limited

Winkelhaak Mines Limited

(Registration number 55/03606/06) ("Winkelhaak")

Leslie Gold Mines Limited

(Registration number 59/01124/08) ("Leslie")

Bracken Mines Limited

(Registration number 59/01) 26/06) ("Bracken")

Details of the proposed merger between Kinross, Winkelhaak, Leslie and Bracken ("the four mining companies") and the acquisition by Kinross of certain adjacent mineral rights ("the merger"), the cancellation of the Kinross consulting services agreement, the listing of Evander Gold Mines Limited ("EGM") and the claw-back offer to be extended by Gencor

Further to the announcement published on 14 June 1996, UAL Merchant Bank Limited and Rand Merchant Bank Limited are authorised to announce the following:

1. The merger

The mechanics of the proposed merger are that:

- 1.1 Kinross will acquire the mining operations, including all assets and liabilities, of Winkelhaak, Leslie and Bracken with effect from 1 July 1996 in exchange for an aggregate of 11 756 952 EGM shares. Thereafter, the EGM shares will be distributed to the shareholders of Winkelhaak, Leslie and Bracken by means of capital reductions under section 84 of the South African Companies Act, Act No. 61 of 1973, as amended ("the Act"). These capital reductions will be effected in terms of schemes of arrangement under section 311 of the Act ("the schemes of arrangement"). Thereafter, Winkelhaak, Leslie and Bracken will be delisted;
- 1.2 Kinross will change its name to Evander Gold Mines Limited ("EGM"); and
- 1.3 Kinross will acquire from Gencor 14 107 hectares of virgin mineral rights and 1 186 hectares of mineral rights subject to lease agreements; and from Randex Mining Company Limited (formerly Genbel Growth and Resources Trust Limited) 5 550 hectares of virgin mineral rights and 779 hectares of mineral rights subject to lease agreements. The aggregate consideration for these mineral rights will be 5 680 017 EGM shares.

2. The cancellation of the Kinross consulting services agreement

Subject to the approval of the merger by the shareholders of the four mining companies, the consulting services agreements held by Gencor in respect of Winkelhaak and Leslie will immediately be terminated and, subject to ratification by such shareholders at their respective general meetings, the Kinross consulting services agreement will be cancelled in exchange for a cash consideration of R127,6 million. Gencor will be obliged to utilise this cash to subscribe for 2 808 099 EGM shares. Applying the marginal tax rate, the after-tax cost of the cancellation payment is R63 million.

Shareholders enjoy the alternatives of supporting the merger and the cancellation of the Kinross consulting services agreement ("the cancellation") separately or jointly. This will afford the directors of the four mining companies the opportunity to assess the level of support for the merger and the cancellation independently. The cancellation should result in reduced overheads which should lower the pay limit of EGM. Gencor will not vote on the ary resolution regarding the cance

In terms of the Johannesburg Stock Exchange ("the JSE") Listings Requirements, Gencor will be obliged to extend a renounceable claw-back offer (refer to paragraph 5 below) to those Kinross, Winkelhaak, Leslie and Bracken shareholders (other than Gencor) registered as such on Friday, 15 November 1996 ("the claw-back offerees") at a price of 4 544 cents per EGM share in respect of any EGM shares acquired via the cancellation. The claw-back offer presents an opportunity for all shareholders to subscribe for these EGM shares pro rata to their existing entitlement to EGM shares.

3. Shareholders' consents

The implementation of the merger and ratification of the cancellation of the Kinross consulting services agreement is subject to the approval of the shareholders of the four mining companies at their respective general meetings and, where applicable, at their respective scheme meetings. In this regard shareholders are referred to paragraph 6 below where the salient dates of such meetings are tabled.

4. Stock exchange listings

Application has been made to the JSE for a listing of the EGM shares in the Gold-'Rand & Others" sector of the JSE lists under the abbreviated name "Evander" with effect from commencement of business on Monday, 18 November 1996.

Application has been made to the London Stock Exchange ("the LSE") for the EGM shares to be admitted to the Official List of the LSE. It is expected that such admission will become effective and dealings will commence on Monday, 18 November 1996.

5. The claw-back offer

Subject to the cancellation of the Kinross consulting services agreement, Gencor will offer for subscription by way of renounceable rights to the claw-back offerees and/or their renouncees, a total of 1 878 000 EGM shares at a price of 4 544 cents per EGM share, payable in full on acceptance in the currency of South Africa, in the following ratios:

Company	Number of EGM shares offered for every 100 shares held	Total number of EGM shares offered
Kinros9	9,437	1 104 170
Winkelhaak	7,372	583 709
Leslie	1,110	159 875
Bracken	0,242	30 246
Total		1 878 000

Salient dates

The salient dates of the general meetings of the four mining companies and the Winkelhaak, Leslie and Bracken scheme meetings, required in order to implement the merger and ratify the cancellation are set out below, together with the salient dates of the claw-back offer:

Last day for submission of forms of proxy for the general meetings on Last day for submission of forms of proxy for the scheme meetings on* General meetings held on

Scheme meetings held on Court hearings to sanction the schemes of arrangement and confirm the reductions of capital held on

Record date in order to participate in the merger and the claw-back offer Kinross, Winkelhaak, Leslie and Bracken shares no longer good

for delivery with effect from the close of trading on EGM share certificates in respect of the merger posted to the

relevant shareholders on Expected date of publication of an abridged form of the pre-listing statement of EGM in the South African press

Expected date of the listing of EGM on the JSE and the LSE with effect from the commencement of trading on Listing of the letters of allocation in respect of the claw-back

offer commences on the JSE and the LSE on Claw-back offer opens at 09:30 on

Last day for listing of and dealing in the letters of allocation on the JSE and the LSE on

Listing of EGM shares to be issued in terms of the claw-back offer commences on the JSE and the LSE on Claw-back offer closes - payment to be made and letters of allocation to be lodged by 14:30 on

Postal acceptances postmarked on or before Friday, 13 December 1996 accepted until 12:00 on

Certificates for EGM shares in respect of the claw-back offer posted on

1996

Friday, 1 November Monday, 4 November Tuesday, 5 November Tuesday, 5 November

Tuesday, 12 November

Friday, 15 November

Friday, 15 November

Monday, 18 November

Monday, 18 November

Monday, 18 November

Monday, 18 November Friday, 22 November

Wednesday, 11 December

Thursday, 12 December

Friday, 13 December

Wednesday, 18 December

Monday, 23 December

* If a scheme meeting form of proxy is not received on this date it may be handed to the chairman of the relevant scheme meeting not later than ten minutes before the start of such meeting.

Notes:

- 1. The abovementioned dates and times may be changed. Any such change will be published in the press or notified by correspondence.
- 2. All the times indicated above and throughout this announcement are local times in South Africa.

7. Documentation

Circulars providing details of the merger and the cancellation of the Kinross consulting services agreement will be posted to shareholders of the four mining companies today. These circulars incorporate the proposed prelisting statement of EGM and an explanatory statement regarding the schemes of arrangement.

A circular providing full details of the claw-back offer is being prepared and will, subject to the cancellation of the Kinross consulting services agreement, be posted to the claw-back offerees on Friday, 22 November 1996.

EGM share certificates

Shareholders of the four mining companies registered on the record date must surrender their relevant share certificates or other documents of title to the transfer secretaries. Shareholders may elect to surrender their share certificates or other documents of title prior to the general meetings and such share certificates or other documents of title will be held by the transfer secretaries, pending the merger becoming unconditional.

EGM share certificates will be posted to the relevant shareholders of the four mining companies registered on the record date on Monday, 18 November 1996 if their respective share certificates or other documents of title have already been surrendered by that date and thereafter within 7 (seven) days of receipt of the form of surrender. If the conditions precedent to the implementation of the merger are not fulfilled, the relevant share certificates or other documents of title will be returned to shareholders within 7 (seven) days.

Kinross, Winkelhaak, Lestie and Bracken share certificates will no longer be good for delivery from the close of trading on Friday, 15 November 1996.

7 October 1996

Merchant banker to Kinross

Merchant Bank Limited (Reg No 55/03181/06)

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Merchant bank to Winkelhaak, Leslie and Bracken



RMB RESOURCES (A division of Rand Merchant Bank Limited) **200**0 runiber 68/13986/06)

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Sponsoring brokers

(In the Republic of South Africa)

LEMINGS Robert Fleming & Co. Limited

FLEMING MARTIN -0-Fleming Martin Securities Ltd Number: 95/11815:08



(In the United Kingdom)





24

Global Investor / Peter Martin

Latin America's long journey

atin America poses a difficult test for the International investor. Its equity and bond markets fall into the "emerging" category, but without the novelty and excitement offered by the newly-liberalised central European economies or the tigers of east

The cycle of euphoria followed by despair has appeared inescapable for Latin America. It is not surprising, there-

fore, many international investors content themselves with attempting to time this cycle, confining their judgments to top-down assessments of macro-economic

The performance of equities in a handful of the shown in the chart along-

side, reflects this tendency. Venezuela's striking performance in recent weeks is a result of the general belief that last year's near-disaster has given way to this year's fiscal prudence.

The speed with which the mood can change is well illustrated by the impact of the Mexican peso crisis of early 1995. The Morgan Stanley Capital International Latin America index, expressed in dollar terms, lost half its value between autumn 1994 and spring 1995. Though it has recovered since then, it has still not regained its levels of

The Mexican experience was particularly damaging to confidence, because it followed a period during which investors had come to believe that this economy, at

to the path of steady growth. It was just the latest false dawn

Nonetheless, the exaggerated expectations of the early 1990s and the inevitable swing back to pessimism that followed should not obscure the achievements of the larger Latin American countries. Chile has become a true tiger economy. Argentina has tamed inflation. Mexico has become an export powerhouse. Brazil has a chance of keeping the 1997 rise in consumer prices below 10 per cent for the first time since 1973.

The political and macroeconomic balancing act all this involves is a tricky one. as last week's municipal elections in Brazil will demonstrate. But under the surface, the restructuring of the

dollars, make it particularly vulnerable to shifts of local Companies are facing up to serious import competition and taking advantage of less sentiment and to the global rigid labour markets. Falling financial mood. inflation has removed the The structural weaknesses of the region reinforce this emphasis on financial manipulation as a condition

of survival. Lower interest

rates - down from 45 per

cent to 23 per cent this year

in Mexico, from 33 per cent to 23 per cent in Brazil – are

also helping to promote cor-

On the face of it, this move

towards a more conventional

business climate should shift

the emphasis in investment

towards picking individual

stocks, rather than attempt-

ing to spot market-wide

shifts in sentiment. In prac-

tice, however, top-down deci-

sions are likely to persist.

Past bad experiences, and

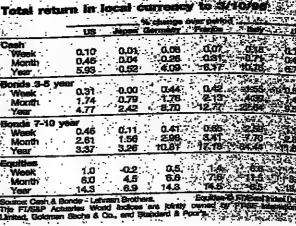
the region's role as a reposi-

porate normality.

point. At the macro level, many of the traditional Latin American problems remain: low domestic savings: the shakiness of local banking systems; large and inefficient governments; poor education levels for the workforce; and most corrosive of all, a lack of the shared sense of purpose which characterises the fastgrowing Asian economies.

That makes investment judgments on the main countries of the region essentially provisional with the possible exception, perhaps, of Chile. The current consensus is that

Argentina, with an overvalued currency, has still not found a way to combine its twin ambitions of stability and growth: but it has at least achieved the first of the two. In Brazil, economic growth will be rapid next year, but that may not offer enough help to companies battered by the strong currency. Mexico will continue to recover from the 1995 crisis, but its export competi-



tiveness is now starting to suffer and consumer spending is rising only slowly. Chile, where growth is slowing from the double-digit rates it touched a year ago, still looks likely to achieve solid economic growth next year once the central bank starts to ease monetary conditions. Venezuela will show the results in 1997 of this year's stabilisation - but the jury is still out on whether it

has managed a decisive break with the past Though that question also bedevils the rest of Latin America, it should not the entimous obscure strides the region has made Country risk cannot be neglected; but the fact that Latin America at last qualifies for the application of normal stock-selection principles is a reflection of just how much has changed:

COMPANY RESULTS DUE

Motorola to slip in third quarter as sales falter

Motorola, the telecommunications group, is expected to post sharply lower thirdquarter earnings after the market closes today - but the focus of interest will be on whether it has done enough to reverse a slip in sales which last month - Accor. The French hotels

prompted a profits warning. The consensus among analysts is for a third-quarter earnings per share of 35 cents, down from 81 cents a year ago. Analysts said they would focus on whether a fall in sales and orders during July and August had proven to be a one-off, seasonal setback or whether

there were serious implications for its fourth-quarter and full-year outlook.

Motorola warned last month that it expected to report "significantly" lower third-quarter revenue and earnings than previously anticipated due to softness in sales and orders during July and August.

It said the slip was due to weakness in pricing and unit demand in semiconductors, as well as softness in cellular phone, paging, modem and international markets.

group, today reports net profit for the six months to June close to or above last year's level of FFr29m (\$5.8m), with forecasts ranging up to FFr111m.

Earnings trends in the first half will remain well below full-year expectations, partly because of the seasonal nature of Accor's

activities and pertly because of expectations that capital gains from asset sales will not be booked before the second half.

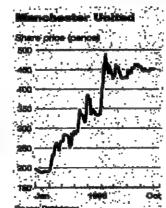
Manchester United: The UK football club, despite winning the double of Premier League championship and FA Cup in the 1995-96 season, is expected to report tomorrow a decline in annual revenues and profits for last year. Stockbroker Wise Speake

is forecasting pre-tax and re-transfer profits of £13.6m (\$21m), compared with £16.8m, on turnover of £58m. against £61m. The decline will be put down to a fall in gate revenues due to stadium redevelopment, reduced merchandising turnover following the sale of some publishing interests to VCI, the media and publishing group, and lower television income because of the



early exit from the Coca-Cola and UEFA cup tournaments. However, analysts say longer-term prospects are rosy because of expected big increases in gate, television, sponsorship and other commercial revenues.

■ Chiroscience: The biotechnology company, which



raised 240m (\$82m) in May, will announce its interim results today with analysts expecting a loss of £7m-£9m, compared with a loss of £6.3m last year. The group is in a heavy research and development phase and has s string of forthcoming products - it plans to launch a handful of new drugs by the

end of the decade. Further funding is not expected. ■ Cobham: The agrospace engineering group is expec-

ted to announce increased first-half profits of about £20m against £14.1m (\$22m) today, following rising demand for its refuelling operations and maiden sixmonth contributions from Westwind, the air bearings manufacturer acquired in

■ Lucas Industries: The automotive and aerospace equipment group is likely to report tomorrow a strong rise in underlying profits in its valedictory full-year results. The company, which last month merged with Varity Corporation of the US, is expected to show profits up from £135.8m (\$210m) to about £180m-£185m following a rebound in aerospace and steady demand for motor

components. However. anslysts are likely to show more interest in the strategy of the enlarged LucasVarity.

Skyepharma: The emerging pharmaceutical company which specialises in delivery technology, reports second interims on Thursday for the year to July 31 as the group changes its accounting period. Investors have backed the group to date on the strength of its management under founding director Mr Ian Gowrie-Smith. The group now needs to show it can deliver to justify

tax loss of about 25m (\$7.75m) is expected on sales group's full-year profits are forecast by analysts to rise to £40.5m (\$68m) from

its present valuation. A pre-

235.5m, in spite of tough con-

ditions for printers in the

first half of the year. The group publishes its results Analysts expect the divi-

dend to be increased to 6%p. The interim dividend went up from 2.5p to 2.9p. Lower paper prices and recovery in the book publishing industry in the past

few months have led to

greater stability in its mar-Last year, St Ives outper formed market expectations in both its interim and find

N. Brown: The mail order company, still looking for acquisitions after being rebuffed by Littlewoods list year, is expected to show ■ St Ives: The printing interim results on Thursday. Analysts expect profits to 💳 🕆 rise 22 per cent to £15m from £12.3m (\$19m) with an

increase in the dividen

from 1.35p to 1.6p.

INTERNATIONAL OFFERINGS By Richard Lapper

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£300,000,000 Term Loan and Revolving Credit Facility To support the Lloyd's Reconstruction & Renewal Plan

> Citibank International plc **NatWest Markets** Royal Bank of Canada Europe Limited as Arrangers

> > Citibank, N.A. Midland Bank plc National Westminster Bank Plc Royal Bank of Canada as Senior Lead Managers

> > > Barclays Bank plc Société Générale The Royal Bank of Scotland plc as Lead Managers

National Westminster Bank Plc as Agent

Telekom float in higher gear

has lumbered into a higher gear. The company's preliminary prospectus was published on Friday and last week more than 80 research reports were released by banks involved.

The documentation should help investors assess whether Deutsche Telekom's shares represent good value, but as fund managers pore over the mounds of paper sitting on their desks many may pause to consider whether the effort is worth-

The sheer weight of the new stock in the DAX, the German share index, means most index funds must buy the stock in any case.

As one banker involved in selling the sale says: Frankly this company is going to be a massive component of any index in the world you care to look at. If you are a global investor

to tracking the global index interest received by Deutyou just can't not be in the stock." Even if only 500m shares were issued, DT would represent a substan- Telekom, meanwhile, is a tial chunk of the index.

But in fact all the 1bn shares the company is authorised to issue before 2000 will be included in the index, representing between 3 per cent and 4.6 per cent of the DAX. That means investors will need to buy twice as many shares as they otherwise would to maintain a neutral weighting.

In the words of one fund manager "the institutions are going to be structurally short of this stock". Moreover, the offer is attracting interest from individual German savers, confounding

earlier fears. Retail buyers are expected to snap up at least 40 per cent of the shares on offer and will comfortably meet

The machine set up to sell and you are anywhere near the 2.1m registrations of shares in Deutsche Telekom to tracking the global index interest received by Deutsche sche Telakom's information

> The valuation of Deutsche complex matter. To value telecommunications companias against their international competitors, analysis have developed a measurement that strips out national peculiarities related to national tax regimes or the way items like depreciation are treated under different accounting standards.

> Calculations based on so-called "enterprise value" - market capitalisation plus net debt or less net cash and earnings before interest. tax, depreciation and amortisation - more usually known by the acronym

> ebitda" are widely used. However, according to some analysts, Deutsche Telekom's high debt level makes it difficult to assess

Mainly as a result of its heavy programme of capital expenditure in eastern Germany, Deutsche Telekom has accumulated net debt of

Comparable European telecommunications companies are priced on ebitda to sv multiples of between 2.2 to 4.3 times.

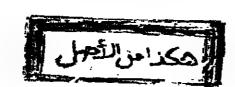
Applying that range to Deutsche Telekom - on the basis of 1996 ebitda estimates of DM31bn - gives figures for capitalisation ranging. from a negative DM7bm to DM61bn

The application of more traditional valuation tools such as dividend vields and price earnings ratios - give rather different results.

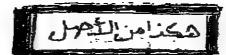
For example, on the basi of a dividend next year of DM3bn and the assumption that the dividend yield would be around the average for European telecoms, capitalisation would be around

that target on the basis of the company on this basis. FT/S&P ACTUARIES WORLD INDICES The FT/S&P Actuaries World indices are owned by FTSE international Limited, Goldman, Sechs & Co. and Standard & Poor's. The indices are compiled by FTSE it limited and Standard & Poor's in conjunction with the Faculty of Actuaries and the institute of Actuaries. Nativest Securities Ltd. was a co-founder of the invites.

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Lustria (24)		3.8	171.77	127.70	144.00	143,68	10.B	1.95	180.71		127.33		176.23			
3elgium (27)	.218.92	4.7	207.66	154.38	174.09	170.17	12.1	3.92	221.99		158.42	143.80	143.67		168.11	
Brazil (28)	.181.44	31.6	172.11	127.95	144.29	341.20	38.3	1.90	181.53		127,91	176.65	172.60		190.88	
Canada (116)	.174.29	17.4	185.32	122.91	138,60	171.04	16.7	2.08	172.43		121.49	144.45	341.20		123.97	
Jenmark (30)	.324.96	12.5	308.26	229.17	258.43	259.23	19.1	1.77	324.27		228.48	137.21	169,89	174.28	134.14	14
Finland (23)	220.60	17.9	209.25	155.58	175.42	211.40	24.0	2.36	217.33				258.69	324,98	276.89	
france (93)	.198.51	10.7	188.30	139.99	157.88	161,26	17.2	3.01	197.30		153.13		208.21	253,37	171.78	25
Jermany (58)	.179.04	9.4	169.83	126.26	142.3B	142.38	16.9	1.72	178.48		139,02	157.00	160.27	198.51	167.70	17
long Kong (59)	451.73			318.55	359.22	449.46	16.5	8.47	454.54		125.74		142.00	179.2B	155.66	16
ndonesia (27)	211.01		200.15		167.80	300.70	10.0	1.67			320.28	361.69	451,23	.454,54	354.67	- 38
retand (16)	308.26			217.38	245.14	271.73	21.0	3.30	307.80		148.80	168.04	301,13	_		
taly (58)	79.65	8.1	75.56	56.17	63.34	90.54	3.7	2.27	B1.67		216.88	244.93	271.16	308.26		
lapen (480)					114.68	101.67	0.7	0.75		77.31	57.56	64.99	92.52		67.22	
Aalaysia (107)				408.10		557.16	17.4		145.66		102.64	115.91	102.64	164.68	137.75	
Aexico (27)1						10813.60		1.18	3/0.66		405.62	458.07	654.82	585.09	425.77	
letherland (19)			290.58		243.59	239,91	21.8	1.32		1218,44	906.83	1024.22	10592.63		791,98	
lew Zouland (15)		9.9	83.08	61.75	69.63	66.46	20.2	3.07	304.52	288.26	214,57		238.62	306.31		
torway (35)				183.04	206.41		2.7	4.13	87.14	82.49	61,40	69.34	66.21		75.94	
hilippines (22)	100 32			140,48	158.43	229.25 260.82	15.6	2.23	256.90		181.02	204,43	226.99		222.24	
Singapore (43)	903 38			276.63	311.95		_=	0.82	199.17		140.33	158.48	260.64	200,07		. *
outh Africa (44)	961 95		333.28			255.12	-3.9	1.09	393.96		277.59	313,49	255.89	485.21		
Spain (37)	192 02			129.00		348.61	13.5	2.20	351.34		247.58	279.58	347.87			
Weden (48)	207 13			272.99	307.85	178.42	17.5	3.29	181.79		128.09	144.66	177,47		314.20	
Switzerland (37)	247.44			174,49	196.77	379.44		2.26	383.41	362.94	270.16	305.00	375.72		145.15	
halland (45)	950.05		124.19	92.33	104.11	192.84	14.4	1.58	245.89		173.25	195.65	191.23	387.12		
Inited Kingdom (213)	252 24			178.58	201.38	129.24		2.66	135.88	128.63	95.74	108,13	134,14	254.34	216.35	
JSA (824)(213)	205.24			201.59	227.32	240.21	9.1	3.92	252.52	239,04	177.93	200,94	239.04	193.95		
ASA (024)	200,01	12.0	27 1.10	201.38	221.02	285.87	13.8	2.08	282.37	267.30	198.96	224.69	282.37	253.64		
mericas (795)	261,47	14.2	248.02	184.38	207.93	219.77	14.2	2.07	258.35	244,56	***		202.37	285.87	236.38	_Z;
urope (718)	221.18	10.1	2 0 9.78	155,96	175.87	193,12		2.96	220.55	=	182.04		217.18	261.47	215.17	21
lordic (†36) ,	330,75	19.9	313.74	233.24	263.02	285.28		2.19	327.70		155.40	175.50			191.44	
aclfic Basin (876)	159.28	-3.6	151,09	112.32	126,65	113,85		1.23	160.66		230.90	260.77	282.82	330.75	261.13	28
uro-Pacific (1594)	184,94	2.B ·	175.42	130.41	147.07	143.74		2.09	185.48		113.20	127,84	114.76	177.01		15
lorth America (740)	279.08	14.0	264.73	196,80	221.83	278.25			275.69		130.69	147.60	144.08	190.57		17
Urope Ex. UK (505)	198.95	10.3	188.71	140.30	158.21	165,77			198.40		194,25	219.38	274.92		230.17	.23
acific Ex. Japan (396)	294.21	11.2	279.08	207.47	233.96	253.84			295.04		139.80	157.88	165.28	198.95	170.51	17
fortd Ex. US (1809)		3.3	177.24	131.76	148.59	148.74			167.28		207.89	284.77	254.49	296.68	243.58	25
orld Ex. UK (2220)		7.4	203.35	151.18	170.48	183.00	- = - =		213.49		131,98	149.03	149.00	191.55	167.36	17
forld Ex. Japan (1953)		12.2		181,31	204,46	243.35			613.49	202.10	150.43	169.88	182.21			19
							10.7	2.43	≥5,13	241.51	179.77	203.01		214.88	185,61	.245
he World Index (2433)	217.74	7.6 2	206.54	153.55	173.15	188.16	10.6			205.29			471,42	257.11	217.26	



Mernment by



MARKETS: This Week

Wall Street seems to be retunning to normal. The last two months have been dominated by speculation about economic over heating and the likelihood of a rise in interest rates.

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Now analysts are divided over the direction of rates. The release last week of employment data showing benefit claimants rising for the first time in months seems to have changed sentiment Some analysts now think the next move in rates could be downward.

This week will provide more useful indicators on the level of inflationary pressures in the economy. Consumer credit figures for August are released today and analysts expect a rise of \$7bn (down from \$7.6bn) according to research group. MMS International

Money supply data will follow on Thursday, with retail sales and produces orice inflation on Friday, probably the closest watched figures of the week. The market expects retail sales up 0.3 per cent from . August's 0.2 per cent and producer prices up 0.8 per cent the same as August.

The market is perhans more andously awaiting estimates for cash-flow into equity mutual funds during ember, which are due to be published this week.



The presidential election campaign is also coming under close scrutiny. Markets are priced on the assumption that President Clinton will be re-elected comfortably but some analysts believe the Democrats might re-take both the House of Representatives and the Senate. This still seems unlikely but polls showing blg Democrat congressional gains would damage long-term hopes for deficit

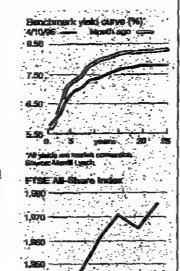
LONDON By Philip Coggan

The UK markets saw the FTSE 100 index pass the 4,000 level last week, and real index-linked yields fall to their lowest levels since 1994. The US non-farm payroll figures on Friday, which further reduced fears of a US rate rise, helped to maintain the market's momentum.

For the moment, it looks as if the markets are happy to accept that the world and UK economies can continue to grow without significant inflationary pressures. The main threats to the consensus could come from Thursday's inflation figures or from today's data on industrial production and manufacturing output. investors will also be

scanning the minutes of the September monetary meeting between Mr Kenneth Clarke, the chancellor of the exchequer and Mr Eddie George, the overnor of the Bank of England, for signs of the depth of their disagreement on interest rate policy. Mr Clarke will be keen to avoid any embarrassing revelations in the middle of the Conservative party conference.

On the corporate front, the pace of the results season has slowed sharply and the only Footsie stock to report this week is LucasVarity.



The bid rumours continue but speculators' hopes of a really hig deal continue to be

1 2 3 4

1,940

The Footsie's rise to new neaks inevitably raises questions as to whether the rally has gone too far. Mr Richard Jeffrey, economist at Charterhouse group and one of the few to correctly predict that the market would reach this level in 1996, has set an end-1997 target of just 4,000, citing the probability of rising interest rates next year.

FRANKFURT By Wolfgang Münchau

Like other European markets, Frankfurt has acted almost euphorically over the last few weeks, its markets chasing one record after another, taking their cae from events in the US.

On Friday, after the announcement of the latest US data, the Dax hit 2,704 in late trading, an increase of 17 per cent this year. **Expectations of continued**

low interest rates in the US and Germany and comments from Bundesbank officials that interest rates are unlikely to head upwards soon, have helped sentiment, with some analysts talking about the Dax breaching 3.000 next year.

The bond markets have also rallied over the last few weeks. The December bund futures contract ended in Frankfurt at 99.75, around 250 basis points above the level three weeks ago.

Against the backdrop of

record share prices comes the flotation of Deutsche Telekom, whose shares will be listed on November 18. Telekom's initial public offering will be the biggest ever in Europe, and it has already started a massive advertising campaign in Germany to lure a risk-averse investment

public into buying what will be the first stock purchase for many.

6.75

5.75

4.75

CIAX Index

But the IPO also occurs

commentators fear that it

may either flop, while others

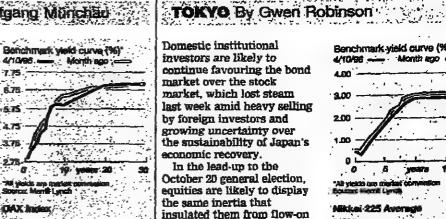
fear that it may dry out the

against the backdrop of

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2.679

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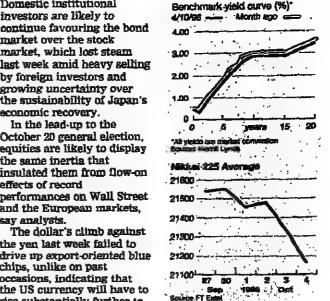
effects of record

say analysts. The dollar's climb against the yen last week failed to drive up export-oriented blue chips, unlike on past occasions, indicating that the US currency will have to rise substantially further to move the equity market, said Mr Neil Rogers, of UBS

and the European markets,

Securities. In the continued absence of strong economic data. trading will probably remain within its current range without the return of foreign

The greatest risk for the investors, he added. The election campaign is market, and especially for the Telekom iPO, could likely to fuel political uncertainty but there is a come from an early rise in IIS interest rates. If IIS rates growing view in the markets were to go up between the that a conservative US presidential elections in government, led by the LDP. early November and the will emerge. Expectations that such a government will flotation date, there could be implement economic



stimulus measures may buoy stocks in construction and related areas.

Weaker than expected data on consumption and exports have prompted some securities houses to revise downwards their forecasts. SBC Warburg Japan warned of the risk of a technical recession – two or more quarters of negative quarter-on-quarter GDP growth - despite the release last week of "moderately encouraging" August economic data.

COMMODITIES By Richard Mooney

PARIS

This week's run, of economic data and company results are unlikely to undermine the Paris bourse, where the CAC-40 index has shown good staying power above

Buoyed by a strong run for bonds on the back of Emu euphoria, French equities rose strongly last week, and the latest inflation numbers and consumer confidence indicator look set to maintain the positive mood.

The September CPI emerges on Friday. Most brokers predict a maintained 1.6 per cent year-on-year. Although consumer confidence is expected to have remained weak, the modest improvements seen through the summer are likely to have been held on to.

Corporate interest looks et to revolve around Monday's press conference by Eurotunnel, where the Channel tunnel operator will reveal details of its 29bn (\$5.8bn) refinancing deal. Investors will also be waiting for news on the auction of the Thomson group. Results include interims from Bouygues, Havas,

Accor and UAP.

Olivetti is likely to remain at the centre of attention as the market continues to absorb details of the company's restructuring plans. These aim to raise L1,200bn (\$788.5m) with asset disposals, including the sale of the PC division and a stake in Omnitel, the mobile telecoms subsidiary.

First reactions to the plan on Friday were positive. with the share bouncing L22.4 to L540.1. This extanded the rise from the low for the year of L465 in

mid-September, but was still

less than haif the L1,290 seen

at the start of 1996.

Looking at the market in general. James Capel notes that the equities have not mirrored the sparkling performances of the currency and the bond markets, which seem to be discounting ERM re-entry and the increasing probability that Italy will

make the first wave of EMU. The broker adds that with further corporate downgrades unlikely after better than expected interim results, the brake to a stronger equity market performance may have been

AMSTERDAM

Bid fever is not a common phenomenon on the Amsterdam bourse, but over the past week takeover chatter has been a highly visible support to the AEX index.

Mirroring the trend in Germany, the AEX broke through to a new all-time high so the consensus among Dutch brokers for some consolidation in the immediate term is not too surprising.

Consumer price data for September is due this week, but the main market focus is going to be on takeovers.

HELSINKI

Helsinki is set to remain among the more active Nordic markets. The Hex index. which touched a 12-month and redchips.

high last week, will face a steady stream of company results in the days ahead notably from Huhtamaki.

HONG KONG

Brokers are looking for Hong Kong stock prices to trade higher in the coming week. On Friday the benchmark Hang Seng Index dipped slightly after seven straight days of gains. The focus is moving on to China related stocks, as an easing of credit in China and planned asset injections encourages buying. Brokers also expect mainland Chinese money widely tipped to move into the territory as the handover of sovereignty approaches to target the H shares, for-

mer state-owned enterprises pervade Metals Week.

The spectre at the feast it remains to be seen how much the market will be

Some of the world's leading metal brokers, producers, users and reporters are gathered in London this week for the London Metal Exchange's annual lamboree - but the best known of all will not be among them.

This is Mr Yasuo Hamanaka, the man who pushed the world of metal trading from the financial pages to the front pages by losing in excess of \$2bn for his employer - Japan's Sumitomo – through irregular dealings on the exchange.

The LME has weathered the storm with little damage to its reputation as the dominant marketplace for nonferrous base metals, but Mr Hamanaka's shadow will

affected by regulatory changes that are likely to be introduced in an attempt to ensure that another Sumitomo scandal never happens. Meanwhile its chief com-

petitor, the New York Mercantile Exchange (Nymex), is not unaware of the opportunities these changes could present to allow it to mount a serious challenge to the LME's dominance. Mr Daniel Rappaport, the

chairman of Nymex, which trades futures in copper as well as precious metals and energy, will hold a press briefing tomorrow, at which he is likely to stress its strengths in terms of transparency and control.

Before that, today sees Metals Week proper get under way with the LME's seminar. This is a half-day speaker and panel session covering prospects for the seven metals traded on the exchange plus the global regulatory outlook and an introduction to the exchange's new average price options.

Then Mr Hamanaka will be the spectre at the feast as the American Metal Market lunch is addressed by Mr Herbie Black, the man whose trading activities helped to break Sumitomo's hold on the copper market. His subject is: "Copper what I knew and how I knew it." Many of his hearers will be wishing that they had known it too.

CHRRENE Government bonds to provide key to direction

will continue to look to the booming government bond markets in the US and Europe to provide direction for currencies this week.

Friday's fail in US employsuries upwards in late tradmarkets, especially the UK. nals in the US could end the single European currency.

Foreign exchange markets Treasury bull market. September producer prices and retail sales data due Friday will be examined closely.

Britain, France, Portugal, Sweden, the Netherlands and Spain will all release ment numbers sent US Trea- inflation figures during the week. Continuing weak leving, a move that could be els of inflation could also sustained in the European help government bonds, as 'convergence trades' con-Any strong inflation sig- tinue towards the planned

Lira and sterling continue to be the most restless of an European currencies. The D-Mark's decline and low German yields have made cut in UK base rates have most likely result.

tive in the past few months. The lira has been further assisted by the impressive performance of its government in their efforts towards qualification for European monetary union.

Analysts say there is still a possibility that the Bank of otherwise placid group of Italy will cut its discount Current opinion polls sugrate, from 8.25 per cent.

both currencles more attrac- helped sterling's performance. Wednesday sees the release of the minutes of the last meeting between the UK's chancellor and governor of the Bank of England. New Zealand's first election using a proportional coalition.

tem takes place on Saturday. gest that a centre-right coali-Receding expectations of a tion government remains the

International investors have been unconcerned by the predictions of Mr Jim Bolger, the current prime minister, that economic instability would follow from the election of a centre-left

CROSS BORDER M&A DEALS BIDDER/INVESTOR VALUE COMMENT Service Corp \$2,7bn Hostile bid Loewen Group Funeral (Canada) KPN (N'lande) TNT (Australia) Recommended Transport & \$1,660 delivery Endess (Scaln) Enersis (Chile) Deal put on Powe BASE (Germany) Clbs merger-(Switz) linked dispose Onex (Canada) Unit of IBM (US) Computer \$550m Onex leads parts consortium Banco Francès del Stregthening LatAm presence Banco Silbao Vizcava 5350m Rio de la Plata (Argentina) Caim Energy (UK) Command Petroleum Oll & gas Regional entry (Australia)



THE SOUTH AFRICAN BREWERIES LIMITED

Offering of approximately US\$360 million (R1.6 billion)

The South African Breweries Limited ("SAB") is pleased to announce that international demand for its share offering has exceeded US\$600 million (approximately R.2.7 billion). Further to the announcement on 18 September 1996, and in light of SAB's further expansion into the growing beer markets of Central Europe, SAB has authorised an offering of approximately US\$360 million (R1.6 billion) if the Managers' Option is not exercised, or approximately US\$410 million (R1.6 billion) if the Managers' Option is exercised.

The offering is one of the largest emerging market equity issues to international investors undertaken by a private sector company.

This issue will take the form of ordinary shares of 20 South African cents each and American Depositary Shares (each representing the right to receive an Ordinary Share) at a price of US\$25,43 (R115,00) per share, aggregating to 14 250 000 new SAB ordinary shares of 20 South African cents each (16 250 000 shares if the Managers' Option is exercised in full). The issue price represents a discount of approximately 4% to the closing price on 3 October 1996.

The proceeds will be used, subject to the approval of the South African exchange control authorities, to fund SAB's ongoing expansion of its interests outside South Africa (principally beer, in emerging markets with growing demand for consumer goods) in accordance with SAB's

In connection with the offering, Robert Fleming & Co. Limited, on behalf of the Managers to the issue, may over-allot or effect transactions which stabilise or maintain the market price of the securities at levels which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time. It is expected that subject to final approval from The Johannesburg and London Stock Exchanges, the new SAB ordinary shares to be issued will be listed on both exchanges from 10 October 1996.

If the proceeds of the offering (assuming the exercise in full of the Managers' Option) had been available to SAB throughout the financial year ended 31 March 1996 and 16 250 000 additional ordinary shares had been in issue, there would have been no material impact on earnings per share; however, net asset value per share would have increased from 1 661 South African cents to approximately 2 400 South African cents.

Johannesburg 4 October 1996

The price or value of the Shares and American Depositary Shares may rise or fall and, as the shares are denominated in South African Rand, fluctuations in the value of South African Rand may cause the value of an investment in the Shares or American Depositary Shares to rise or fall.

This advertisement has been authorised by Robert Fleming & Co. Limited, regulated by the Securities and Futures Authority.

Note: Not for direct release in and to parties in the United States of America.

FT GUIDE TO WORLD CURRENCIES

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EMERGING MARKETS By Judy Dempsey

Israelis wait for smoke to clear Issuance heads

A clearer picture is likely to offers good value against emerge this week of the response of the Tel Aviv stock market to the violence between Israeli and Palestinian forces, and the USsponsored summit between Mr Benjamin Netanyahu. the Israeli prime minister. and Mr Yassir Arafat, president of the Palestinian

Authority. Daily volume on the Tel Aviv exchange, down 50 per cent over the past week because of local holidays, gave little clue as to investors' intentions. The Mishtamin index of Israel's top 100 companies provides is a better picture of the performance of companies which have been at the centre of attention. These include telecommunications and electronic industry stocks such as Bezeq; pharmaceuticals group Teva; and Koor. Israel's largest industrial holding company.

Since September 25, when the fighting started, the index has lost more than 7 per cent. Now the holidays are over, analysts are wondering if the Mishtamin will recover. But even a rally will not help Mr Netanyahu's conservative Likud-led coali- annual gross salary. But tion, because the fundamental problems which existed before the fighting began remain the same.

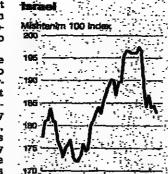
The market is on a p/e of 12. which, says Salomon Brothers, means that it most Latin American, Asian and European markets. Salomon sees the p/e falling to 10.5 to 11 in 1997.

Continuation of the peace process is important to investor confidence and foreign investment. But not everything that has happened to the Israeli economy over the past four months, since Mr Netanyahu was elected, can be explained by the slow pace of the peace negotiations. "The point is that there are major structural reforms which the government has not yet tackled," says Mr David McWilliams, analyst at UBS.

One of the most pressing issues is how to stem the flow of redemptions from provident funds, long-term savings schemes fixed for periods of 10 and 15 years, These are worth a total of Shk90.8bn (\$28.5bn), representing 17 per cent of Israel's public financial portfolio.

In return for tying up the money, investors expected a high return: tax exemptions on interest received in the bond market and a tax shelter on investments not exceeding 5 per cent of weakening bond prices since 1995 have undermined the performance of the provident funds. Last year they offered an average return of only 3 per cent

The Israeli investor knows



have redeemed more than Shk10bn, including Shk3.2bn in July and August. More worrying for the central bank is that about 50 per cent of the redemption proceeds have been invested in short-term deposits and liquid assets. The rest has gone towards consumption, fuelling inflationary pressures at a time when the Bank of Israel is trying to curb inflation, forecast to reach 13 per cent this year compared

with 7.1 per cent in 1995. This explains why Mr Jacob Frenkel, Bank of Israel governor, limited a cut in the key lending rate for October to just 0.3 per cent, bringing it to an annualised 15.5 per cent. He said forecasts for 1996 inflation were above the government's target of 8-10 per cent.

Restoring confidence in the provident funds will not be easy. Mr David Brodet. director of the finance minis try, unveiled a draft paper on reforming the capital markets last month. The plan entails taxing short-term savings by between 5 and 10 per cent in an attempt to move investors back to long-term deposits, and persuade pension funds to invest in the stock market.

The paper will be pres ented to the Knesset later this month, but its chances for success are slim. Despite Mr Netanyahu's belief in a more liberal economy, a wider capital markets base and a curb on public expenditure, he is beholden to his coalition partners and the trade unions who oppose any move against short-term savings or further cutbacks.

Such opposition could also derail Mr Netanyahu's calls to address the budget deficit. Last month, it rose by Shk87m, showing that the government's excessive spending, inherited from the former Labour government and continued by Likud, has moved further away from its legally permitted limit for 1996 of 2.5 per cent of gross

domestic product. Mr Dan Meridor, the finance minister, said last month the deficit could hit Shk12bn, or 4 per cent of GDP, when economic growth is showing signs of slowing to 5 per cent from 7.1 per

Mr Netanyahu can use the recent violence as an excuse to boost defence expenditure, which was supposed to have borne some of the Shk4.9bn cuts in public expenditure planned for next year, and so wreck chances of containing the deficit. If so, further tension is expected between the government and the Bank of Israel. which wants the deficit reduced further.

The confidence of investors, spurred by a belief that progress on peace will con-centrate the mind of the government on structural reforms, could be damaged if Mr Netanyahu fails to deliver on reforms - and

for slowdown in

fourth quarter

INTERNATIONAL BONDS By Conner Middelmann

have risen to record levels in the first nine months of 1996. spurred by investors' and borrowers' eagerness to cash in on falling interest rates.

However, with the risk of a US rate rise still looming. some say the final quarter may be less buoyant, especially in the markets that have posted the best gains: the emerging markets.

"If the Fed raises rates after the [US presidential] elections, investors might use this as an excuse for some end-of-year profit-taking," said one trader.

And there are handsome profits to be taken: J.P. Morgan's Emerging-Markets Bond Index has posted total returns of 26.7 per cent in the year to date, compared with a 2.1 per cent rise in its Global Bond Index, which measures the bond markets of industrialised nations.

This impressive performance has gone hand in hand with heavy issuance, partly because emerging market borrowers have taken advantage of lower funding costs, and because of strong investor demand for high-yielding paper.

New issue volumes in the contracting sharply, yieldinternational bond markets hungry investors have been keen buyers of emerging market bonds to boost their returns," says Mr Anders Bergendahl, global co-head of debt capital markets at Merrill Lynch

Data compiled by Capital Data Bondware show that emerging market issuers launched \$74.4bn of international bonds in the first three quarters, well above last year's total of \$60bn. Latin American issuers have accounted for nearly half of the issuance, raising \$36bn.

Meanwhile, bond issuance by higher-rated corporate, bank, agency and supranational issuers has also surged as they sought to lock in lower funding costs. The dollar sector has seen a particularly hefty share of issuance, clocking up some \$208bn of new issues in the first nine months, 41 per cent of total issuance.

Heavy dollar issuance has helped the US investment banks strengthen their hold on the top slots in the bookrunners' league tables. Merrill Lynch has maintained its number one position, underwriting \$38.7bn in bonds - a market share of 7.6 per cent. It is followed by SBC War-

GOVERNMENT BONDS By Samer Islandar

10-year benchmark bond yields

house among the top seven with 5.72 per cent, and Goldman Sachs in third place with 5.5 per cent.

"Goldman Sachs is proba bly this year's biggest league table success story," says one dealer. The US investment bank has shot to third place from an overall 1995 ranking of 11th, thanks to notable deals including a \$2bn issue of fixed-rate bonds for the UK government, the \$1.75bn Mexican Brady bond exchange and Mexico's recent \$1bn 20-year burg - the only non-US issue. Also boosting US

houses' market share has been the rapid growth of asset-backed seco Europe. Capital Data's numbers show ABS issues rising from \$37.5bn in all of 1996 to \$57.3bn in the first three quarters of 1996.

BUSIN Compa ocus o

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Asset-backed securities are a growing market in Europe," says Mr. Bergen dahl. "Investors have been getting more comfortable with the product and issues want to manage their balance sheets more actively, as well as diversity their finit-

ING BARING SECURITIES EMERGING MARKETS INDICES

India	4/10/96	Actual	Percent	Agbuni	Percent	Actual	Percent
World (448)	162.54	+1.71	+1.08	+4.56	+2.89	+15.08	+10.22
Latin America							
Argentina (22)	99,50	+3.65	+3.80	+8.41	+9,23	-0.72	+7.24
Brazil (23)	248.59	+2.15	+0.87	+10.12	+4.24	+62.50	+33,59
Chille (16)	189.59	+1.11	+0.59	+6.51	+3,50	-6.08	-3.11
Colombia (13)	176.17	+3.23	+1.67	+11.97	+7.29	+11.93	+7.26
Mexico (27)	85.58	+3.12	+3.77	+2.07	+2,47	+12-29	+16.70
Peru(12)	1166.67	-5.82	-0.50	-12.01	-1.02	+99.02	+9,35
Letin America (113)	145,10	+2.82	+1,96	+5.72	+4.10	+21.96	+17.83
Europe Greece (20)	119,70	+0.45	+0.38	+3.34	+2.89	421,16	+21.60
Portugal (18)	137.55	+1.31	+0.96	-3.24	2.30	+21.10	+18.11
Turkey (27)	117.37	+9.65	46.66	+16.87	+16.79	+34.57	+41.75
South Africa (30)	143,30	+2.00	+1.41	+1.80	+1.27	-10.08	-8.57
Europe (134)	125,00	+1.79	+1.45	+1.87	+1.52	+3.46	+2.85
Asia							
China (26)	46,76	+1.51	+8.42	+0,81	+1.79	+5.44	+13.50
Indonesta (30)	145.07	+1.86	+1.30	+12.30	+9_27	+6.42	+4.63
Korea (23)	86.83	-4.68	-4.62	-6.23	-5.02	-38.07	-27.81
Malaysia (24)	263,30	+6.36	+2.48	+11.71	+4.65	+35.94	+15.81
Pektetan (13)	1,66	+0.97	+1.38	-2-37	-3.20	+1.93	-2.63
Phillippines (16)	319,24	-10.61	-3.22	-0.45	-2.08	+80.07	+23.18
Thelland (26)	191,83	-8.73	-4.36	-6.90	-3.47	-60.05	-23.84
Terlwan (31)	151.95	+2.30	+1.28	+8.26	+4,75	+51.12	+39.06
Asia (183)	217.81	+0.11	+0.05	+5.21	+2,45	+14.76	+7.27

All indices in 5 terms, January 7th 1992-100. Source: ING Saring Securities

ABN-AMRO Bank

Deutsche Morgan Grenfell



Uch Power Limited



US \$338.922 million **Project Finance Facilities**

US \$148.922 million US Eximbank **Facility**

ABN AMRO Bank N.V.

The Fuji Bank, Limited

Seoulbank

US \$75 million World Bank **Guaranteed Facility** **US \$115 million IFC Loans**

Arrangers

Deutsche Morgan Grenfell

International Finance Corporation

Sub Underwriter The Sanwa Bank, Limited

Senior Lead Managers Australia and New Zealand Banking Group Limited Bayerische Landesbank Girozentrale

Bank of Scotland Berliner Bank Aktiengesellschaft The Royal Bank of Scotland pic

DKB Merchant Bank (Singapore) Limited

Lead Managers

Banque Française du Commerce Extérieur Landesbank Hessen-Thüringen Korea First Bank, London Branch

Creditanstalt-Bankverein Kredietbank Project Finance Société Générale

The Sakura Bank, Limited

The Commercial Bank of Korea, Ltd. Tokyo Branch Union Européenne de CIC

Interpreditor Agent ABN AMRO Bank N.V.

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This announcement appears as a matter of record only.

October, 1996

Rush to join convergence bandwagon

The yields of Italian and Spanish 10-year bonds fell last week to lows of 280 and 175 basis points, respectively above those of German bunds with the same maturity, before correcting slightly on Friday. This compares with 270 and 190 basis points on September 26, the day before both countries governments presented plans for tight 1997 budgets aimed at meeting the strict criteria for European economic and monetary union.

The budget plans had a investors that Italy and Spain were more likely than not to join the European single currency from the start planned for early 1999.

Traders attributed the rally to overseas investors rushing to climb on to the bandwagon. According to a quarterly survey of investors by Paribas, bond investors had deserted the high-yielding markets in the three months to end September.

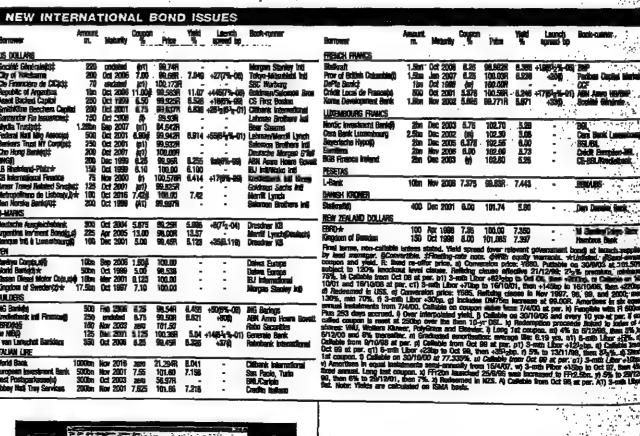
strong effect, convincing narrowing by the high-yield rally," she added. markets during the third quarter, allocations to [Spanish, Italian and Swedish] bonds actually fell," Paribas analysts said. This explains the rush back into these

markets early this month. Whether they join in 1999 or slightly later, these countries are going to participate in Emu," said Ms Yasmine Ravai, fund manager at Crédit Lyonnais Asset Management, "These bond mar-

Despite the sharp spread kets are condemned to However, following last week's strong performance, some analysts feel the con

vergence process might now

be overdone. "From an analytical point of view, the time has come for a correction," said Ma Marie Owens Thomsen, chief economist at BIP-Dresdner Bank in Parls. "But the momentum is too strong. There is no indication the move is likely to stop."





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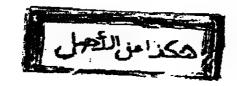
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Contact Name: Mr John Marcopoulos/Ms Athina Dessypti ATHENS STOCK EXCHANGE Sep 30th - Oct 4th 1996 GDP (USD bn) 96a ASE INDEX P/E (efter text) 96e/95 %Chg (2/1/96 6.54 EPS GROWTH (%) 989 PE 989/EPS GROWTH (%)989 Yearly High 0.98 October 12 M T-Bill rate (%) Yeally Low 870.88 P/CE 95e/95 WESTA ADD (NEO W) 158.13 P/BV 96e/95 %Cha (Prev. Wk) **GRD/USS** -21.58 Div. Yield (%) 959/95 Y Wik Avg. (USD m)



HINANCIAL TIMESSURVE

BUSINESS TRAVEL

Companies focus on curbing costs

The lesson for many companies must be that they need to strike a balance between controlling costs and ensuring the right working conditions for employees, writes Scheherazade Daneshkhu

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Last year, companies spent 7 per cent more on business travel compared to the previous year, according to Diners Club. The charge card company says that business travel is growing rapidly but most travel agents agree that companies, far from wanting to splash out on business travel, are still cost-conscious and continually on the search for value for

"Business travel has emerged from the recession in the sense that travellers are returning to the premium classes," says Mr Alan Spence, managing director of Britannic Travel, the UK-based business travel agents. "However, the trips they are making are still kept to the minimum length. There are more long-haul trips being made, but they are shorter. And two-day European trips are being cut down to one day to reduce hotel bills."

The trend is noticeable in the hotel industry, too. "The nature and style of business travel is certainly changing," says Mr Craig Parsons, vice-president for international sales at Hyatt Hotels. "Travellers are less concerned with the traditional trappings of luxury and more concerned with making each business trip as pro-ductive, cost-effective and benefi-

ciai as possible." Companies are spending more on business travel partly because the costs of travel are increasing. Business class air fares have risen. by more than 6 per cent since the beginning of last year, according

ood times may be back to American Express; more than again in business travel any other class of travel including first class, although the more price-sensitive full economy fare

increased by 4 per cent. The cost of staying in a hotel is also rising. Room rates in 19 large US cities rose by an average of 6.5 per cent in the first six months of the year compared to the same time last year, according to Horwath Hospitality Consulting and Smith Travel Research, the USbased hotel consultants. Average room rates in Boston increased by 8.7 per cent but New York and Chicago rose more steeply, by just under 9 per cent. The indications are that price rises will continue.

Hotel rates have been increasing outside the US too, according to Hogg Robinson, the business travel agents, which says that average room rates worldwide rose by just under 7 per cent in the first half of the year, compared to the same time last year. It says that the rise reflects both a growing demand for hotel accommodation and a renewed interest in more expensive rooms.

"There is evidence that some travellers who had to downgrade from four- and five-star hotels during the recession are now becoming confident enough to return to them," says Ms Carolyn Moore, hotels divisional manager at Hogg Robinson. "However, the more common trend is to upgrade to more expensive rooms in the same hotels. Companies tend to be booking executive rooms instead of the standard rooms more commonly requested in 1996."

Despite the added value which many suppliers are offering in a competitive market to retain and the corporate travel policy.

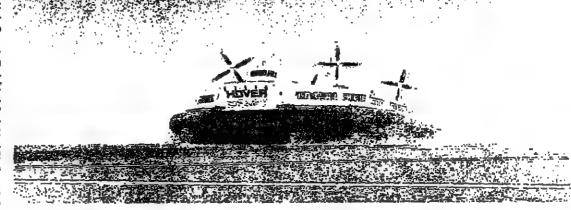
increase business customers, Carlson Wagonlit, the business travel agent, believes that some companies would prefer to spend less for more basic products. It found in a recent survey of UK business travellers that only one third use the in flight facilities in which many airlines have invested. More than three-quarters of the travellers said they would be prepared to travel on less expensive, "nofrills" flights within Europe.

lines and hotel groups have continued to add value to their products in an attempt to maintain prices. But the results of the survey indicated that "added value may not necessarily be what travellers or corporates want and I suspect that we are likely to see the introduction of more 'basic' products, with focus firmly on the speed and efficiency of travel." In the continuing drive to keep down travel costs - which are often the third-largest corporate expense after buildings and payroll - companies are increasingly looking to business travel agents for help. The travel agents, long threatened with becoming obso lete in the face of growing technology which enables companies to book travel direct, have rede fined their role. They argue that their purchasing power and knowledge of the industry can help to control corporate travel budgets.

Mr Tony Hughes, deputy chairman of the UK Guild of Business Travel Agents, says that companies are getting used to the idea of using business travel agents in this new capacity. "Agents are less and less order-takers and ticket-issuers. Instead, we are travel consultants, advising clients on travel purchasing strategy and helping them to negotiate with airlines and other suppliers."

But the role of business travel agents in ensuring that employees comply with the company's costcontrol travel policy can be severely undermined by employees. A majority of business travellers always choose the airlins they fly on, partly to take advantage of ever-popular frequent flyer schemes, while almost half choose their own hotels, according to a recent survey by Official Airline Guides. The more senior the executives, the more determined they are to control their own travel arrangements, although these may not necessarily conflict with





But if employees do not like the corporate travel policy, they are quite likely to try to get round the rules. About half of the European business travellers who took part in a recent Visa International survey confessed to bending the rules, and one quarter thought the company policy, far from saving money, resulted in a waste.

The most common complaint about the company travel policy was its inflexibility, which could require employees to travel late at of travel management but the expensive in the long run if it has night in economy class on desig- challenge is for European busi- to be cancelled and rearranged.

nated airlines and to stay at nesses to manage a company's inconveniently located hotels. travelling expenses without com-Many felt that these factors affected their ability to work well. Almost half felt that a more flexible travel policy would improve the quality of business travel.

The lesson for many companies must be that they need to strike a believe that their policy wastes balance between controlling costs and ensuring the right working conditions for employees.

promising the optimum performance of its executives," says Mr John Chaplin, senior vice-president for marketing at Visa International's European division.

"If one in four executives their company money, it is important to avoid false economies - the cheapest flight on econ-Travel policies are a vital part omy class can prove very

IN THIS SURVEY

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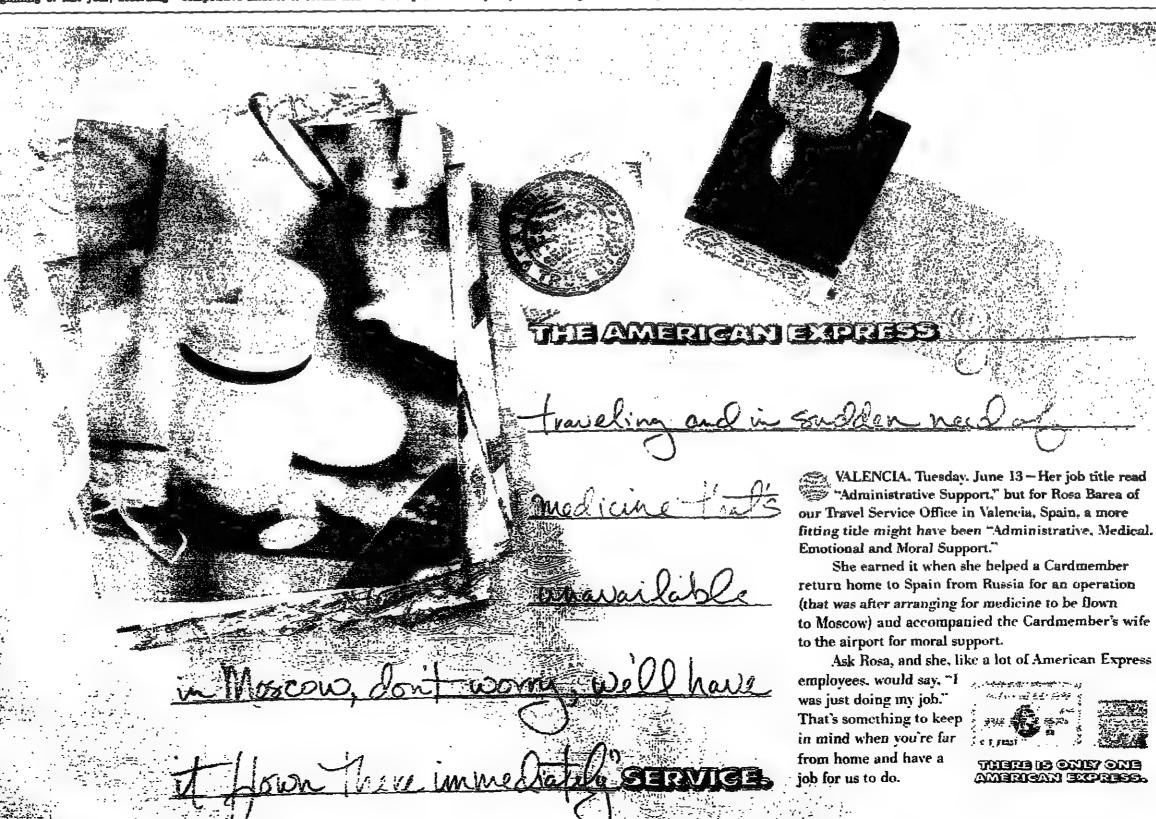
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Cyberspace bookings The focus switches to intranets Travel agents: Still a vital role to play

Production Editor: Philip Sanders



A question of class

Carriers have been competing aggressively for a greater share of the lucrative business class market. Many have abolished first class

The emphasis in business travel in the money-conscious 1990s has been less on ostentation and more on value for money. As a result, companies have cut down on first class travel to control travel budgets.

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But with economic recovery and an increase in travel spending in the past few years, executives have been returning to the business class cabins and even first class appears to be on the uptake. "First class did fall off in the recession but there has been encouraging growth in the past year, says Mr David Cook, sales manager for Thai Airways.

First class travel from the UK has also been on the increase: 7 per cent of UK business travellers said they flew first class this year, compared to 1 per cent last year, according to a recent business travel survey by Carison Wagonlit, the business travel agent.

But even if the economic conditions for a revival of first class travel have improved, the commercial environment in which it operates has changed. First class is facing increasing pressure from the fight for customers waged in business class. Carriers have been competing aggressively for a greater share of the lugrative business class market and many have abolished first class altogether in order to provide business class with more leg room and improved services which traditionally were the domain of the first

Those to have got rid of first class include KLM and

its partner Northwest Airlines, Air Canada, TWA and Continental Airlines. They were joined last year by Alitalia - which says that first class travel is a thing of the past with demand for business class outstripping that for first class.

"On some long-haul routes, there was a lot of demand for business which we could not satisfy, but first class seats were avail-' says Alitalia. The hybrid Magnifica class has wider seats which recline further and have more less room than in Alitalia's old business class. But the fare has not been raised from the old business class rate.

When Virgin started out without first class in 1984, its aim was to compete with other carriers' husiness class by offering services normally associated with first class, such as limousine transfer, on-board lounges and in-flight massa

"We wanted to stimulate demand for new business class travel by operating a class prices," says Virgin.

The competition to improve business class services has succeeded in catering to the demands of their tomers, according to Mr Kyle Davis, head of air fare management for Europe at American Express. He says that many business class cabins today are almost the equivalent of first class cabins of several years ago. "What business travellers want the most is space and privacy, and increasingly they are getting that from

If this is the case, is there any point in paying a substantial premium to fly first class any more? Mr Tony Hughes, deputy chairman of the UK Guild of Business Travel Agents, believes not. When it comes to long

haul, the case for flying first class is diminishing. The main thing that business travellers look for is a comfortable seat which business class seats are these days.' he savs. "Just about all you



are getting for your extra money in first class is viutage rather than non-vintage champagne. I don't think most travellers are bothered about that sort of thing."

Mr Richard Lovell, executive vice-president northern Europe of Carlson Wagonlit Travel, believes that first class is a declining market long-term. "It may retain its position on some routes, such as Japan, the Middle East and North America where status can command a premium, but this limited segment will grow progressively smaller," he says.

Needless to say, carriers operating first class cabins disagree, arguing that there is a small but vigorous demand for the service, mainly from senior executives, rock stars and royalty. Demand is also more buoyant on some routes, such as those to the Middle East, Far East and South America. And many, such as United Airlines, welcome fewer operators in the market.

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Suspect defence

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management service is our goal. It's all down to skill, teamwork, tactics -

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always pay off. Perhaps in their ambition

to make it to the top significant gaps

at the back can be exposed. Take the

delivery of the right travel management

service. Has your current agency ever

given away the occasional own goal?

creative and quick to respond. This is

a team whose stature is growing with

'As the UKs largest independent travel

every new challenge. We're gaining

more support by scoring consists

Portman are No. 4. But we're

different. Solid and dependable, yet

leaving each with a bigger slice of the cake. British Airways - which

last year launched a new first class service as part of a 2500m three-year progr to improve its facilities - says that investment is the key to retaining customer loyalty. "Others may have diluted the product by using first class for upgrades. But by investing in the first class, people are prepared to pay the full

Its first class cabin consists of essentially private cabins with seats which can be turned into flat beds. The layout avoids any clambering over other passengers and the cabin can be turned into a dining room for two or a private working space.

It says: "People are looking for two things from first class these days; on daylight routes they want privacy because of the work they are doing. And on night flights, they want to be able

■ Ticketiess travel: by Roger Bray

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In Europe, it is the new breed of low-cost

operators which has proved most eager to embrace the idea

Losing an air ticket is at best inconvenient, at worst expensive. Some airlines demand that the passenger should pay again, promising to pay a refund only if the original has not been stolen to be used fraudulently.

There can be few busines travellers, beset by mountains of often dispensable paper from some overseas conference, who have not experienced the mild panic of scrabbling in the waste hin or groping in the side pocket of a suitcase for a mislaid coupon. It is a headache which is

rapidly becoming rarer. Although airlines in Europe are much more cautious than their counterparts in the US, the trend towards ticketless travel is gathering

Typically, passengers fly-ing without tickets will book hy telephone, using a credit or charge card. On arrival at the airport they avoid the usual, tedious check-in procedure, swiping the same card through an electronic reader, which issues them with a boarding pass. Provided they have only carry-on bags, they may then go straight to the gate.

Enthusiastic proponents of the system argue that travellers may also save time if they need to check-in hold luggage - but the advantage will clearly be more man

Nobody should be believe this is all for the benefit of the consumer. Commission paid to travel agents can account for one fifth of a leading airline's costs. British Airways, for example, spends roughly as much as it does on fuel.

Any suggestion that carriers may cut such costs by taking more bookings direct inevitably raises howls of anguish from agents. For treading warily. Lufthausa is the time being, reservations among those promising to are possible only direct or keep agents in the loop, arguing that they offer the customer added value.

In any case, ticketless travel will save carriers money in less sensitive ways. First there is the cost of the ticket, estimated at about \$3. Then there is the prospect of increased productivity as passengers bypass the conventional check-in procedure and free staff to deal with problems which cannot be handled by machines.

Do passengers like it? Lufthansa says that about 6 per cent of its passengers felt more comfortable travelling with a conventional ticket. British Airways also detects unease among a small proportion of customers, but says most are happy with

The US has seen a headlong rush, with ticketless travel now available across United Airlines' entire domestic route network and American Airlines, USAir and TWA all joining in. BA, in contrast, typifies the stepby-step approach of most big European carriers. It is testing response on just one route - Gatwick-Aberdeen - before extending it to other domestic flights.

Passengers with hand luggage may use an airport machine to check seat allocations - and change them - by touching a screen. For

through the airline's own shops. In November, however, customers will be able to book through branches of Hogg Robinson and Portman

In Europe, it is the new breed of low-cost operators which has proved most eager to embrace the idea. Brussels-based Euro Belgian was already ticketless before it was taken over by Richard Branson's Virgin Atlantic Virginand re-named Express. It still sells about 25 per cent of seats through travel agents. The Lutonbased UK carrier easyJet, however, only takes book-

So far their larger rivals have appeared keener to promote the automated ticket and boarding pass (ATB). ngers using them enjoy the reassurance of receiving a document before they leave for the airport - but they may still avoid hassle by going straight to their departure gate. One suggestion is that, when the dust settles on current experiments, frequent fivers may travel without paper while less regular travellers may prefer ATBs.

British Airways says that in May 1995, one fifth of its gers using the shortbaul Terminal One at London's Heathrow Airport checked in with ATBs. By March this year, that figure

subsidiary, the French regional airline TAT, for example, has switched to them completely. Air France, SAS, Swissair and Lufthansa are all using them. "They have reached a critical mass", says RA. "Enough people are now using them to make it worthwhile travel agents holding stock and enough travel agents are issuing them to make them a viable

proposition for customers." Most early ventures into ticketless travel were limited to domestic routes. A significant hurdle delaying its spread in Europe has been the Warsaw Convention stipulation that international travellers must be issued with conditions of carriage when tickets are issued These conditions are printer on the ticket cover. Airline are finding ways around this, however. EasyJet, for example, consulted its lawyer and decided to give them leaflet on check-in.

That the hurdle is surmountable has been proved beyond doubt by United Airlines' plan to start electronic ticketing next year liondon Heathrow-New York is likely to be the first long-han route in line and the sirling says it may fax or e-mail conditions to passengers.

The tide of change see inexorable - but consider the experience of French carrier Air Jet. It appeared to be ahead of its time when it introduced pre-paid cards with chips embedded in them to passengers using its services from London City Airport. Valid for two or. more flights, corporate customers are invoiced at the end of the month.

All the traveller had to do was insert the card into a machine and receive a boarding pass in return. But the airline had difficulty. converting travel agents to the idea. It concluded that British travellers still wanted traditional tickets and has decided to start haning them as an alternative. Like the paperless office, the paperless sirling booking is an elegant idea whose maturity may yet be some way



Loyalty programmes: by Roger Bray

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A survey found that 90 per cent of the world's business travellers now participate, with

three-quarters redeeming their points

Sceptics have identified a dark threat to competition in British Airways' controversial, proposed alliance with American Airlines. But collectors of frequent fiver awards could reap signifi-

Not only have the two carriers promised to integrate their very different loyalty incentive programmes, dan-gling the prospect of increased benefits for existing customers. If the tie-up goes ahead, it will create such a dominant force on the North Atlantic that rivals may be forced to soup up their own award schemes in order to compete.

Frequent flyer programmes have come under a harsh spotlight this year. A MORI survey for the leading business travel agency chain Carlson Wagonlit suggested the programmes were proving an increasing drain on pany finances.

It said some travelling executives were choosing lights which earned maximum points rather than sticking to airlines offering the most economic flights

The proportion of travellers and corporate flight bookers claiming that such programmes tempted pany policy had doubled in a year - from 10 to 20 per cent. Hardly surprising, perhaps, given the way frequent flyer programmes have prolifer-

Another survey, by Official Airline Guides, found that 90 per cent of the world's business travellers now participated, with threequarters redeeming their points. An altruistic 28 per cent claimed they traded their points for business flights. One per cent used them for car hire, 5 per cent took upgrades, 9 per cent cashed them in for gifts and 10 per cent settled for hotel

cent, however, took free ing in free tickets - and flights for leisure or other straight fraud. It has been personal reasons.

Enthusiasm among passengers is highest in the US, where travellers participating in such schemes belong to an average of 4.6 schemes each. In Europe, consumer awareness of loyalty schemes varies between countries. Research by American Express suggests it is highest in France, the Netherlands and the UK, with the Italians cottoning on fast. Belgium and Germany, it found, were some

way behind. These national differences are reflected in the extent to which business travellers are swayed towards a particular airline by the points they can earn. OAG found that, overall, four in five admitted they were swayed, with the Americans most susceptible - and the Germans most resistant.

Against this background. it is no surprise that more managers now believe points should be poured into a collective, company pot, instead of benefiting the individual

To the airlines, frequent flyer programmes are a versatile weapon. They can be used to help build traffic on specific routes. KLM, for example, recently offered members of its Flying Dutchman loyalty scheme double points if they booked seats on the airline's new Amsterdam-Beijing service.

The programmes have also provided fertile new ground for under-the-counter deal-

estimated that in the US, at least 10 per cent of frequent flyers have cheated by getting friends to fly under their names as a way of boosting their miles. This is more difficult in Europe, where there are still regular passport checks. But the

following the establishment of the Schengen accord. which allows for free movement of goods and people across national borders, could lower the barriers. Another dubious practice has been the sale of tickets acquired with points to bucket shops or "coupon

reduction of those checks

brokers". Mr Randy Petersen, editor of InsideFlyer magazine, who is an acknowledged expert on frequent flyer schemes, quotes an estimate that at one time this trade was worth some £175m a year, But sharper detection techniques by airlines, he says, have reduced the prevalence of the practice significantly.

For passengers, the fact that points and mileage rewards often vary between routes makes comparing the difference between schemes a complex process. The num-ber of flights they need to make to get a free trip can vary by as much as 100 per cent. Although it is not invariably so, keener, smaller airlines sometimes offer the most attractive

Despite the popularity of such programmes, not every to do it.

airline has a points scheme. Dubai-based Emirates, for example, offers first and business class travellers a "two-for-one" deal, rewarding them with a free ticket which they may use, if they them on a future trip.

It seems likely that Emirates will look increasingly lonely, however. The current trend is for airlines to link their schemes. An example was Continental Airlines recent announcement that British Midland had become a partner in its OnePass programme. This allowed Continental's passengers to earn up to 500 points on most of

the UK carrier's services. Mr Tony Clarke, managing director of consultancy firm International Customer Loyalty Programmes, says that offers of "neutral miles" could also become more widespread. Travel agents would give away part of their commission as points which could be used on any airline with a frequent flyer programme.

Dovetailing BA's programme with that of its putative new partner will involve a good deal of mental gymnastics. Not least of the problems will be to decide whether BA should fall into step with American, increasing opportunities for, passengers to earn miles on discount fares. But it takes very little brain powpower of loyalty points - to understand why they need



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How to keep in touch: by Paul Taylor

mobile office has arrived

A GSM digital telephone has become a vital piece of equipment for the travelling executive in Europe

For the business traveller, the arrival of GSM (Global System for Mobiles) cellular digital networks, powerful portable PCs equipped with big colour screens and fax modems for data communications have made keeping in touch with the office much easier over the past five years.

Portable PCs and the notebook PC in particular, have established themselves as mainstream business tools, helping individuals to stay in touch while on the move. Used in conjunction with fixed or wireless communications links, the portable PC is helping companies and other organisations boost customer service, improve productivity and provide additional workforce flexibil-

"Companies are acquiring portables in record numbers, indicating pent-up demand for the flexibility afforded by being mobile," noted a recent study of the European market for portable PCs prepared by International Data Corporation for Dell com-

Indeed, portable computer sales are growing twice as fast as sales of deaktops in some markets as companies replace desktops with porta-bles, often sold with docking stations or port replicators enabling them to plug into corporate networks easily. For example, Dell Computer, whose highly successful "Latitude" notebooks have helped the company climb into the top tier of mobile computer vendors along with Toshiba, Compaq and International Business Machines, says that 70 per cent of its machines are sold with port replicators.

also suggested that despite the high adoption rate for portable computers, many es are failing to get the most out of their machines. In Europe, for longer-life Lithium lon betexample, less than half the teries - which provide concompanies using portables siderably more power than support remote communica earlier Nickel Hydride techtions, even just for e-mail. In nology while weighing much the US, that percentage less - are becoming the

However, the IDC report

for portables is e-mail. "Optimising applications for mobile computing can be as simple as providing remote e-mail connections or as complex as developing

enterprise-wide sales force automation applications that rely on major back-end databases," says IDC, "but almost any effort will be rewarded. Simply allowing users to work in new venues - at customers' sites, at home or on the road - can increase productivity and iob satisfaction."

Other findings from the IDC study included the revelation that almost a third of European mobile PC users share their systems with colleagues and most still use their desktop system as their primary machine. In contrast, in the US, the portable PC is the primary system half the time at large and medium-sized companies, and less than 10 per cent of mobiles are shared.

Once, the business traveller had to make do with portables that suffered from a wide range of disadvantages over their desktop counterparts. However over the past year the performance gap between desktop machines and their portable counterparts has narrowed consider-

Today's top-of-the-range portable PC such as Dell's recently-launched Latitude Xpi P150ST boasts a fast Intel Pentium microprocessor, a buge hard disk, 12inch or larger colour screen. and an integrated CD-Rom drive - ideal for presentations on the road - all in a package that weighs just over seven pounds. Almost all manufacturers

have abandoned the market for black and white screens. For the moment, "passive" STN (Super Twisted Nematic) screens still account for a majority of sales - Toshiba, the notebook market leader, says 55 per cent of its machines are sold with STN screens. However, the higher-quality "active matrix" TFT (Thin Film Transistor) screens are gaining market share as greater manufacturing capacity and higher yields help erode the price pre-

Larger colour screens and

manufacturers have now introduced machines based around Intel's Pentium 133Mhz and 150Mhx processors as they attempt to differentiate between entrylevel and premium-priced machines.

The universal acceptance of the PC-Card standard for adding peripheral devices such as modems has also made mobile computing much easier - and less cumbersome. Most portable machines now have two PC card slots capable of taking the credit card-sized devices which used to be known as PCMCIA cards. As the for connectivity demand while on the move grows, the market for PC-Card modems, network adapters and wireless data cards is expanding rapidly.

For example, a portable PC equipped with a fax modem card, communications software such as Procomm Plus and a telephone connection can send a facsimile from the hotel room, dial into a corporate customer database or send and receive electronic mail via the Internet.

For the ultimate in mobile connectivity, a portable PC equipped with a cellular data card can be plugged into a

digital GSM handset to send or receive data from almost anywhere in Europe and a growing number of other places where there is a GSM network. Indeed, a GSM digital telephone itself has become a "must have" for

the travelling executive in Europe. According to independent research commissioned by Cellnet, the UKbased network operator, digital mobile phones can bring savings of almost 50 per cent on average when compared with hotel phone charges. The study found that it was cheaper to call the UK

compared with a hotel telephone from ten out of 11 countries. "With more than five and a half million people already using mobile phones in the UK, everyone is now aware of their convenience and practicality," says Sue Jones of Cellnet. "Many people will be surprised to learn, however, that with the new generation of digital mobile phones, they have the potential to actually save money on business trips abroad

Cellnet's research revealed that all the hotels surveyed added at least 100 per cent to the cost of an international

phone call and almost half increased the cost of calls by more than 400 per cent.

For those business travellers with limited computing needs and deep pockets, the latest generation of wireless digital personal assistants - devices which combine the features of a digital telephone and a high-powered electronic organiser - are attractive. For example, the Nokia 9000 enables the user to send and receive e-mail and cruise the World Wide Web as well as make standard phone calls all from a single (large) pockwith a digital mobile phone

et-sized device. Indeed, the marriage of hand-held PCs and wireless telephony - in new devices from Nokia and Motorola, as well as add-on enhancements to existing hand-held machines such as the Psion 3a/3c, Apple Newton and HP 100LX - is re-igniting interest in the pocket-sized computing market following disappointment with first generation PDAs which lacked wireless communications facilities.

Overall, keeping in touch while on the move has never been easier. It seems the truly mobile office has





Troubleshooting on the move

Business travelling with a mobile office" - portable personal computer, fax modem and telephone – in the 1990s should be straightforward, But, as most frequent business traveliers know, technology rarely works in the real world the way it is

supposed to. Modems can not be connected because telephone plugs are the wrong ones or you left the office with the wrong lead: a message on the cellular telephone screen says the call cannot be connected.

Here are some top tips which may help minimise the risks associated with portable computing and telecommunications:

 Buy a spare battery pack if your PC or digital GSM telephone will be used for more than a few hours away from a mains socket.

· Along with the portable PC power lead and mains transformer, a plug adapter is essential. Most built-in portable PC devices are fine for short periods, but if you plan to run Microsoft

Windows for any

length of time, take a proper mouse. Make back-up copies of the operating system and any essential software before leaving the office in case something disastrous happens. A corrupted Windows file is relatively easily replaced in Los Angeles, but how about

Beijing? Unless good user support is available at the end of a telephone line, or the on-screen help is comprehensive, take the

 At many airports. security officers will want to see a portable PC

working, so charge the battery before setting off. Whatever the type of modem, it will be useless without a telephone connection and there are about 38 different types of telephone socket in use around the world - including approximately 20 old- and new-style sockets in Europe.

Try to select hotels with a business centre, most of which are equipped with modem-friendly telephone sockets, usually of US-style modular design.

Other hotels have installed secondary fax or modem slots in bedrooms or desktops.

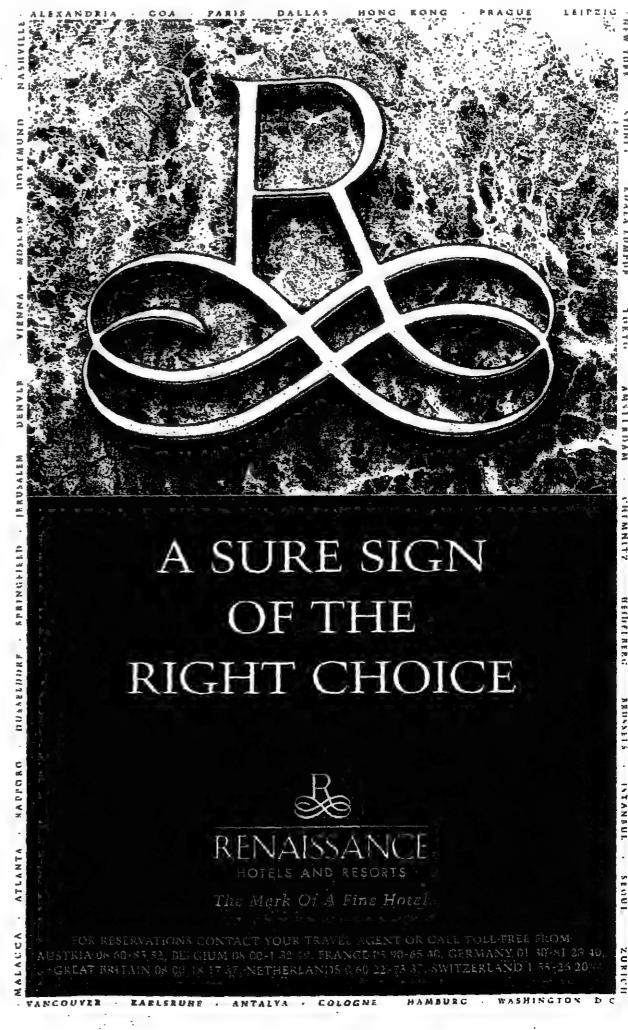
 If you expect to make a lot of long-distance voice or data calls from hotels, a phonecard from one of the international operators will dramatically reduce

hotel bills. • For e-mail or Internet access, CompuServe and International Business Machines both have local telephone access numbers in most parts of the world. and for data file transfer packet-switched services such as British Telecom's

GNS. Remember, a local GSM petwork does not guarantee simple data or voice communication. First, there must be a roaming agreement between the home network operator and the overseas network.

Second, the subscriber's home network must be programmed to allow operation overseas and international call barring must have been lifted. If you are superstitious. pack the lucky charm - or as Windows 95 users say: "Plug and Pray."

Paul Taylor



■ Currencies: by Graham Bowley

Cards, cash and cheques

Credit cards are not always the answer. In some countries, even in Europe, a cash and cheque culture still dominates

The adventurous business traveller perusing Moscow's rambling Ismailovo market soon realises the wisdom of carrying crisp, unmarked US dollar bills.

For in Russia's shops and markets, just as in the shops and street bazaars across the former Soviet Union and elsewhere in the emerging world, the US dollar has become the unofficial accepted currency.

If you want to avoid disappointment when bargaining for the exotic coloured rug or the painted matrioshka doll that takes your fancy, carry a bundle of US dollars and make them clean and unmarked, and in small denominations, at that.

But of course the dollar is not the only means of pay ment recommended for the wide-ranging traveller. The wise tourist will also carry credit cards and travellers

Away from the street markets, Moscow's upmarket hotels accept most types of credit and debit cards, and bills must be paid in roubles by law. Dollar bills are no use here, even though restaurant menus may still be priced in what the law forces them to call "unofficial units" - dollars in other

The disadvantage of carrying cash is that large amounts of money are a temptation for robbers and, if stolen or lost, cannot be

Travellers cheques get around this problem because they can be replaced if lost or stolen. And they are almost as good as cash in that they can often be used in places where credit cards

cannot, But credit and debit cards perhaps represent the utmost in security.

Mr Mark Gardner, corporate marketing manager for Diners Club UK, advises: 'The best way to travel is not to carry vast amounts of cash especially in certain places like Rio where there is a serious risk of mug-

"We would advise not to carry that much cash and to use cards instead."

Cards protect against theft in a way that cash cannot since they are guaranteed by the issuer. "If the card is stoien, the liability is with us rather than with the individual or the company," says Mr Gardner. "This is a far safer way of paying for business when you are over-

Credit cards can also represent a cash-flow benefit for the user - or for his or her company - because payment of the credit card bill need not take place for outte a while after the initial expenditure has been incurred.

And credit card users avoid the hassle of having to repay unused travellers cheques or cash paid in advance by their companies for their travels.

Cards deny travellers the cial banks in the destination opportunity to take advantage of more lucrative black market exchange rates sometimes offered for cash. But on the other hand, credit cards can in some situations provide greater benefits when it comes to obtaining

foreign exchange.

Simply changing your dollars, pounds or D-Marks for the local currency at a street stall is not going to get you a very attractive exchange rate. Credit cards tend to offer better value than cash and travellers cheques because of the benefits that can be passed on to customers by bulk buying of foreign exchange. Cards can also be a useful source of ready cash when used in automated tell-

ing machines. Nowadays, much business travel is financed through the issue of corporate credit cards.

Research has shown that about three-quarters of British companies provide their employees with some form of corporate card on the company's account.

Cards offer a further advantage over travellers cheques. Even in countries such as the US, banks can be quite tardy about cashing cheques, sometimes asking for two items of identification or limiting the amount that can be cashed.

In some developing countries, banks refuse to cash them altogether or warn that they will take weeks to clear before the cash is ready for

As for getting the best rates of exchange, perhaps the most useful advice is to stick to the main commerSecurity: by John Westbrooke

Steer clear of crocodiles

A 'Please make up my room' sign on your hotel door often translates in the local language as 'I'm out; help yourself

It may be perfectly possible to spend a week safely signing contracts in Iraq, then return home and be mugged on the tube. But the caution most westerners feel about travelling abroad is justified: vou are more vulnerable when in strange countries than when at home.

A recent survey by Visa International found that 42 per cent of European business travellers avoided certain countries altogether, although Britons - with only 36 per cent deterred - were the bravest.

Some countries are cartainly perilous, especially since, over the past decade or so, rebels have hit on the idea of targeting foreigners. For mere muggings, a Bupa TravelCover study found Hungary, Poland, South Africa, Morocco and the Gambia the worst.

In Britain, the best source of information about dangerous destinations is the Foreign Office (tel: 0171 238 4503/ 4), which offers frequently updated advice on 122 countries; this is also available on BBC2 Ceefax (pages 564-567) and at http://www.fco.gov.uk/ on the Internet.

country. Hotels and bureaux

de change tend to charge

higher rates. But if you are

going to use travellers

cheques, it is advisable to

bear in mind that it is easier

to change small-denomina-

tion bills, especially in

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tions - and US dollars, again

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Small US dollar bills are

■ Guide books: by Kate Bevan

useful when haggling, but

large bills can be very per-

sussive in an emergency.

Some of the best

books started out

as bibles for the

cart around the

backpacker to

known guide

Perhaps the best advice for

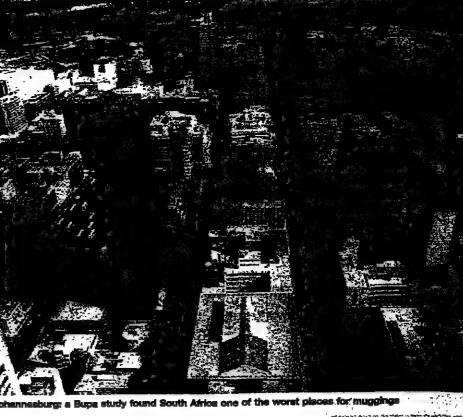
Credit cards are not

shops.

exchange.

Travellers can also minimise the risks by getting detailed reports on their destinations from commercial advisers. The Control Risks Group (tel: 0171 222 1552) offers report packages, or more detailed individual briefings, to clients - and if things go badly wrong can offer them a crisis response service within 24 hours anywhere in the world.

Mr Aubyn Stewart-Wilson of Willis Corroon, the insurance and risk management group (it advises clients on security and offers a kidnap and ransom insurance package; tel: 0171 975 2041), says Latin America and the Middle East top the list of dan-



ger spots, with extra care needed in the former Soviet Union and the Philippines, and offers some of the tips

below: At the airport, book nonstop flights and sit near an emergency exit. Take photocopies of the information pages of your passport, and keep them apart. Watch your laptop through the X-ray machine; P&O Travel reports a recent outbreak of thefts at Brussels and Frankfurt airports.

 Arriving in a strange airport - jet-lagged, not speaking the language, and with no small change in your pocket - can leave you vulnerable. Ideally, arrange for the company you are visiting to meet and greet you and explain the local culture. Airport officials can tell you where to find texts. Vehicle hire employees will tell you what parts of town to avoid. Hotel staff know about bus routes and business hours. Good hotels will

take special care of women, who make up a fifth of business imvellers.

 In foreign parts, business people should try to look like ordinary tourists (and ordinary tourists should try to look like locals). Dress down. Leave fancy watches or jewellery behind, at home or in the hotel safe. Avoid carrying briefcases with company logos on them. Note the address of the local embassy. Try not to look American.

 If hotels have separate executive floors with better security, use them. Valet parking will mean you do not have to walk around dark car parks. A "Please make up my room" sign on your hotel door often translates in the local language as "I'm out; help yourself". It can be safer to call a taxi from the hotel than to stop one in the street.

 Being streetwise may mean suspecting everyone. In Europe, the stranger who points out the mud on your shoe may be planning to inspect your wallet while are distracted. Americana prafer car crima encouraging you to stop and open your door (and let them in) by bumping you from behind or indicating that you have a flat tyre; lock your doors and keep driving. Avoid black market money-changers on street corners anywhere, but especially in eastern Europe.

• Fasten train compartment doors with wire in the former Soviet Union. Keep a small amount of

shof when I was e I was in Albunia di the revolution, an vhile I have to

Piccadilly line, on a inday areanoni at

being hurt.

On the other hand, "don't panic" is good advice, Most countries are much safer than they may seem in ... newspaper reports. The number of westerners kidnapped in trouble spots is . not high; more likely, you will be overcharged by taxi

If something big goes wrong, call the police, the embassy, your insurer. If something small goes wrong... easier said than done, but try not to care.

So you had to bribe a customs official, had your pocket picked, or got ripped off at the bureau de change. Unpleasant; but spending the rest of your visit seething in impotent fury will not help you conduct your work. money on you as "muggers" Breathe deeply, regard it as toll" - handing it to an a local tax on business trav-

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globe for a year You are off on a quick trip to Jakarta. You've never been there before and neither have any of your friends. The office travel department has organised your flights and your hotels, and your client has agreed to go out for dinner with you on the second night. Apart from that, you're on your own. So a quick trip to the bookshop near the office in the lunch hour to pick up a guide book seems like a good idea. That is, until you see the array of books on offer. You're only going to be away for a few days so you cannot justify buying the vast Lonely Planet guide to south-east Asia. Anyway, that is full of exhausting detail on cheap eateries and crashpads for the young and unwashed backpacker, with not a picture in sight of what the place actually The Insight guide has lots of lovely pictures and some good ideas for half-day sightseeing itineraries, but precious little on how not to offend your Moslem host or to avoid some appalling gaffe - such as a warning to never, ever, hand over a business card with your left

And all these guides weigh a ton.

There are very few guides designed for the business traveller. Inevitably, for most destinations individuals will end up selecting something that is pretty close to what they want but which will be deficient in at least one area.

One honourable exception is Malaysia: a kick start guide for Business Travelers (Self-Counsel Press, £6.99), which has no pretty pictures but lots of timely information on business culture, a quick overview of the econ-**Dorling Kindersley's Eyewitness** omy of the country, maps of

listings of the kind of hotels the executive's budget can stand, tips on how to get around and some suggestions on shopping and lei-

Business travellers

are often neglected

According to the information in the back of the book, there are sister volumes on Indonesia and Vietnam - and it has the added bonus of being small and light, too.

Better known are the Economist guides, which cover much the same ground and which offer realistic assessments of what the business traveller will be up against.

Some of the guide books started out as bibles for the backpacker to cart around the globe for a year. Now their publishers have come around to the fact that people with a bit more than \$5 a night to spend on a bed have been using them - and have repositioned some products accordingly.

Lonely Planet's city guides are a good example of this. lts Bangkok guide, in its "places to stay" section, remarks on the growth of small, upmarket "boutique" hotels which would appeal to the business traveller. However, the arriving executive still has to wade through a lengthy discussion of where to buy the cheapest air tickets and the merits of saving a few baht by getting the non-airconditioned pub-

the central business areas. lic bus into the city from the But for a quick overview of the city, its culture, his-

tory and a few sights, the small book is worth packing. Equally, the Rough Guide, the rival backpackers' bible, has also started doing more useful city guides, although it too suffers from trying to be all things to all travellers, with pages of detail on budget transfers from the airport and cheap places to

However, it has a comprehensive listings section on hotels and restaurants, and a good review of the citystate's history, and intelligent discussion of some of its more heavy-handed approaches to social plan-

ning and law and order. The Eyewitness series, published by Dorling Kinder-sley, are beautifully presented and lavishly illustrated with drawings, maps and graphics setting out lively ideas of things to do with free time, an overview of the destination and some "new arrivals start here guides to using local telephones, taxis and trains. The newest addition to the series, on Sydney, even has a step-by-step guide to making an international call at a

What distinguishes them is the eye-catching lay-out designed for the traveller to dip into. They are also distinguished by their price - the New York guide is £14.99, and the Sydney book is only slightly cheaper at £13.99. They are also fairly

But canny business travel lers know that they don't have to lug heavy books in their carry-on bags. Any business botel worth its salt has a knowledgeable concierge who can supply maps and information and arrange

side-trips.

Mr Gary Parker, concierge nanager at the London Four Seasons, says: "The chances are, we can come up with some novel ideas that you might not have considered - private tours of country houses. behind the scenes visits to shops and galleries



The world's airports will have to deal with an expected doubling in the number of air travellers over the next 20 years. They will have to do so while ensuring their customers remain safe from terrorist attack and while environmentalists oppose expansion of their buildings and runways. This survey will analyse and assess developments in the industry.

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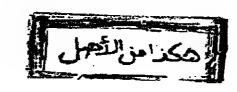
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Fast track into Europe

As Britain becomes more closely tied to Europe, competition between different modes of travel can only be good for travellers

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4. 定心

British business travellers are rapidly learning something that their continental European counterparts have known for years: flying is not, after all, the only way to

The reason is simple the Channel Tunnel. After years

of watching the domestic Heathrow or Charles de rail network wither, Britons could be forgiven for regarding trains in the same light as hansom cabs. Now, they suddenly appear competitive with air travel, in time as well as cost, for journeys of about three hours.

Paris and Brussels, the main destinations served by the Eurostar rail link through the Channel Tunnel, both fall inside this limit.

The train's big advantage is that it takes passengers with their bags from city centre to city centre: you do have to turn up 10 minutes before departure (20 minutes with economy fare) but there is no need to travel miles to

Gaulle; no hour's wait in a crowded lounge; and no delays while you wonder where your luggage has vanished. The views are better.

At present, the fast track

is the French track, where trains reach their full speed of 186mph. Belgium aims to open its own high-speed line next year, cutting 15 minutes from the journey. The British equivalent will not be ready until 2003; when it is, Brussels will be only two hours from London and Paris two hours and 20 min-

This will bring more territory within the three-hour circle, and link more passen-

Nice; Germany is connecting Munich and Hamburg: Italy's Pendolino trains run between Milan and Rome. A network called Thalys will link Paris, Brussels, Amsterdam and Cologne; Eurostar travellers can also join it at Lille. You can travel by train from London to Moscow with only one change.

In addition, connections to Manchester, Birmingham and Glasgow should open next year, so should an Internet booking facility.

A new Premium First s is now being phased in, offering free taxis and tickets which can be exchanged

Europe's for British Midland flight high-speed trains. France's tickets with a telephone call, TGVs run to Biarritz and as well as the standard busi-

and laptop facilities, fol-

Brussels.

To the benefit of travel-

Lufthansa years ago

ness class perks of late boarding and a business lounge. The former costs

£352 return, the latter £235. The other Channel Tunnel operator. Le Shuttle, is targeting business travellers who wish to take their cars with them. For a £15 supplement they can travel Club Class, with access to a lounge with meals and fax

lowed by priority boarding.
All this has had a marked effect on airlines serving the same routes. "We now have 50 to 55 per cent of the market in London-Paris travel," says Mr Jeremy de Souza of Eurostar. "We're aiming at around 70 to 75 per cent in the next couple of years." There are already 13 departures a day to Paris (the first at 4.53am) and seven to

lers, airlines sometimes decide to join the trains rather than beat them. British Midland, forced by the new competition to drop its Heathrow-Paris Orly service, has linked with Eurostar's Premium First, and other airlines may follow.

responded to the challenge of high-speed trains by setting up its own, between Düsseldorf and Frankfurt airports. Paris-Charles de



tar trains reach 186mph on French track. Belgium alms to open its own high-speed fine nex

Gaulle, Lyons and Amsterdam airports also have rail terminals. A truly integrated, Europe-wide transport system is a long way off, but it is no longer pure

The benefits of rail are recognised beyond Europe, Japan has long had its Bullet Train, but even the Americans are now working

A Washington-New York-Boston high-speed line now under construction should cut the journey time by 25 per cent, while offering business travellers fax and computer facilities and even incarriage conference rooms.

For cross-Channel travellers who prefer sea travel, ferry companies also have their eves on the business market, offering fast new ships and loyalty schemes.

Hoverspeed is replacing its two-year-old Blue Riband club - whose members paid an annual fee - with a new service, First, on its Folkestone-Boulogne and Dover-Calais routes.

For a supplement, travellers get bigger seats in a separate section, with tables and more leg room, along with free drinks, priority boarding, reservations, hot towels... much like an air-

"We're delighted with success of Blue Rit although it proved cost administer." says Ms (tine Davey of Hovers "In the first six month this year, we carried 5 cent more business tr lers than a year earlier think we offer more fle ity than airlines or to - our passengers can go the ship and go when their business takes t

not just the middle of Pa As Britain becomes closely tied to Europe. petition between diffe modes of travel can on good for travellers. The seeing the benefits alrea



E Car rental: by Amon Cohen

Hire rates have rocketed

For the imaginative individual and the corporate client, there are ways to bring down the cost of car hire, even in the face of rising prices

First, the bad news. The price of car hire has rocketed over the past 18 months and will do so for at least

Motor manufacturers are protecting the prices of new vehicles against cheaper, nearly-new cars that hire companies push on to the market, usually after only six months in service. To do this, the manufacturers are restricting the flow of vehicles into the rental market while pushing up the prices for those cars by as much as 35 per cent a year, according to Antoine Cau, president of Hertz Interna-

According to one industry estimate, car hire charges to the public have risen by an average of 15 per cent over the past 12 months and will climb by a further double-figure percentage over the forthcoming 12 months. Mr Cau claims that by introducing further technologydriven efficiencies, Hertz bas restricted its increases to seven-10 per cent.

Customers are beginning to fight back. Business travel agents report that clients are seeking help to find ways of avoiding car hire, such as turning to rail, domestic air travel or even videoconferencing.

But the good news is that for the imaginative individual and the corporate client, there are plenty of ways to bring down the cost of car hire, even in the face of rising prices.

As an illustration, Mr Cau points out that Hertz's standard prices for renting a Ford Mondeo and a Ford Fiesta for a day in the UK are £75 and £55 respectively. However, if the vehicle is booked while reserving a Heriz offers corporate deals to cut the cost of vehicle hire

ticket with one of Heriz's ness to secure a deal in airline partners, such as British Airways, Lufthansa and Air France, those prices immediately fall to 250 and

For even greater reductions, small and medium companies can agree a corporate plan with Hertz that brings prices down to 230 for the Mondeo and £22 for the tionals, they can sign an international deal with Hertz that could reduce the prices to £21 and £17.

Naturally, Hertz wants something in return - a commitment to volume. The small and medium companies would have to guarantee to buy 20,000 rental days a year, while the multinationals would have to commit themselves to 200,000 days. However, there is no need to be a sizeable busi-

HEITZ

"I would advise all corpo-

rate travellers to have an agreement in place before they travel," says Mr Neil McCrossan, UK sales director for EuroDollar. "Don't just turn up on spec. In the current market, availability will be limited and you won't get the most attractive

According to Mr McCrossan, any company can save 10 per cent simply by collecting comprehensive management information on its car hire. The collected data will help customers to co-ordinate spending on issues such vehicle size, insurance and refuelling options.

There are lots of areas where if you don't batten down the expenses at the start, they will creep in later as extra costs," he says.

Even more fundamentally. the management information is needed simply to form an accurate picture of how much a client spends on car hire - precisely the figures that are need to negotiate a volume-based rebate.

"People often have no idea how much they spend on rental," says Mr McCrossan. "Sometimes it goes down on that is bought ad boc on the corporate card.

Mr McCrossan also advocates the growing trend towards car hire implants, where clients have a representative of the rental company on their premises. At present, this practice is confined to the UK, where Euro-Dollar has seen its number of implants rise from 33 to 40 over the past year. "This is all about cost control, not about reservations, which can be done from any

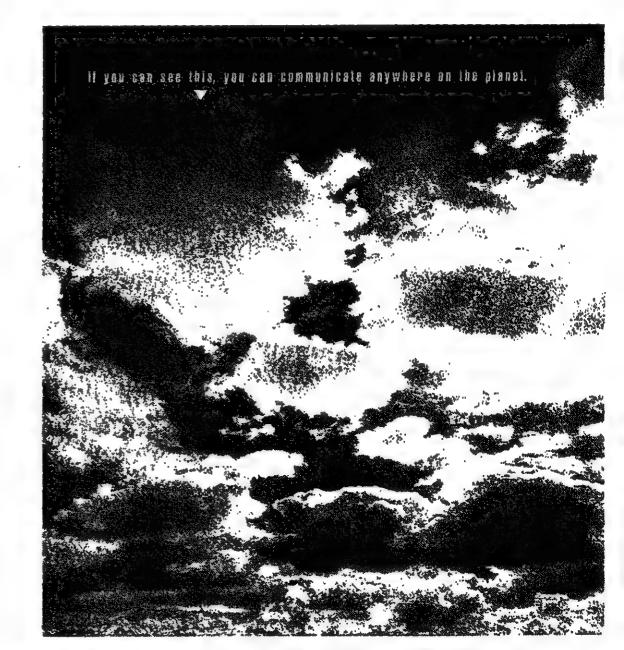
where," he says. "It is a way of taking the customer's rental requirements and making sure they are managed for the minimum spend."

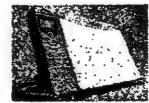
One other thing to watch out for in the changing car hire market is the return of the mileage rate. This had largely disappeared over the past few years in favour of a bundled flat rate, where customers have the benefit of knowing exactly how much they are going to pay.

However, mileage has started to creep back in the US and in continental Europe, where Europear has reintroduced it to the French market

Mr Stephen Jones, Europ car UK marketing director, claims the idea has proved a success. "Our reversion to nileage has been credited with our taking market share in France," he says. "It has opened my eyes to the fact that bundled pricing isn't everything. Bundled prices tend to average on the higher side because they tend to take into consider ation the extremes of customer behaviour."

For those contemplating only short journeys, a mileage agreement could at least be worth a look.





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■ Boutique hotels: by Kate Bevan

Escape from the bland beige boxes

Idiosyncratic style is not to

everyone's taste, but nonetheless boutique hotels are doing well, at least in London

Another business trip, another vast marble-lined lobby full of conference groups and tourists. Once you have checked in, after that group of delegates who each took at least 10 minutes to produce a credit card, you find that your room looks the same as the one you had in New York - or was it Singapore?

Anyway, the predominant colour theme is beige, the hathroom is full of marble and the light by the bed does not work. And what's more, the company is paying £200 or more a night for the privilege of putting you up in a beige-lined box.

But not all hotels are like this. The past 10 years have seen the rise of the townhouse or boutique hotel. Mr Nigel Massey, a marketing consultant, claims London as the birthplace of the small upmarket hotels, but others say they probably emerged in Paris, hence the tag "boutique hotels".

A boutique hotel is generally described as a small, elegant property, often privately owned, catering for the traveller who is looking for something a bit different to the concrete block. And nobody could describe the crop of townhouse hotels in London as bland.

A flick through the brochures of the Sloane, one of the smallest with just 12 bedrooms, or the Portobello, reveals their individuality. At the Sloane, one of the rooms features a bed festooned in lilac and green check with a lilac canopy above, while the Portobello boasts a suite with a bath big enough for four.

Such idiosyncratic style is



nonetheless the properties are doing well, at least in London. While admittedly starting with small numbers of rooms, they nonetheless claim to have an average occupancy rate of 88 per cent, with a market made up of about 30 per cent European guests, 10 per cent from Australasia and the rest

from the US.

Of the Americans, according to Mr Massey, about 65 per cent are from the east coast of the US, with the rest from the west coast. The New Yorkers will find the boutique hotel a familiar concept: the Big Apple is 65-room property popular with what Mr Massey describes as "the three Ms"

 music, media and models. and the Mark, both on the Upper East Side.

Marketed through associa tions such as Small Luxury Hotels of the World, and the European Connection, the concept has spread to other European cities, including UK centres such as Leeds, Glasgow and Edinburgh.

The bigger international hotel groups are now starting to experiment with boutique properties. The Observatory in Sydney, part of the Orient-Express group of hotels, is an upmarket property with just under 100 rooms, while Inter-Continenhome to the Lowell hotel, a tal's 79-room property in Amsterdam goes some way to dispelling the image of the concrete block hotel which the big chains are notorious

> In Thailand, Regent-Four Seasons has extended the concept to an upmarket 70-

the north of the country. Like many smaller resortstyle properties with an individual style, the Regent Chiang Mai also aims for what general manager Mr Simon Hirst describes as the executive brainstorming market, with meeting and catering facilities for small

However, he sims to limit the numbers to no more than 20 rooms to avoid flooding the resort with delegates. Nonetheless, it is a core market for the resort, providing up to 25 per cent of its busi-

Mr Borge Ellgaard, vice-president of hotel relations for American Express, believes the small upmarket hotels have a tremendous future. He says they are "more like a private luxury home or a club which appeals to the top end of the business travel market such as the chief executive or a senior director". And they are very profitable, according to both Mr Massey and Mr Eligaard, Mr Massey points out that they are generally privately owned and have much lower overheads than what Mr Eilgaard calls "the big monsters".

The boutique hotels' pricing strategy is presented as a strength, according to Mr accommodation budget.

rate rates at many of the London townhouse hotels their "rack" rates compare favourably with corporate rates at many of the big chains: a room at Dukes in central London starts from £165, while a double room at the Sloane hotel is from £120

a night "They are good value for money, with very competitive rates," says Mr Eligaard But he highlights some of disadvantages of choosing a small hotel over a bigger one: "The perception is that they lack the things that the executive needs. There are no de-stressing facilities such as a pool or a

They are not just expensive bed and breakfast hotels, as some people have said," says Mr Massey. "People say they have no room service - but .. they -- do. There's always a full kitchen. They're usually airconditioned, and if you want a letter typing or a fax send-

ing, no problem." With similar properties springing up in Europe, the US and Asia, the jaded traveller who has seen too many beige rooms in big hotels might think again about where to spend the corporate

get on





Rates for a room at Dukes in central London start at £166

Traveller's view

Jeffrey Max

Personal touch is 'unbeatable'

Someone who travels 1m miles a year is entitled to be picky shout where he stays. Mr Jeffrey Max, a 89-year-old American, is on the move for a total of about four months a year in his job as a senior vice-president for Systems Development Corporation,

with trips lasting between 10 days and two weeks. Mr Max is a convert to boutique hotels. "When you're travelling that much, you're much more productive if you feel at home in a hotel," he says.

"There's all the technology and efficient staff in the big chains, but when someone greets me by name because they ember me from my last visit; when there are clothes in the room that I left behind last time; I feel instantly more productive. The personal touch you get in the smaller places is umbeatable.

"For many years my favourite boutique hotel was the Halkin in London," says Mr Max. "I was their first guest when it opened. But recently I've been introduced to Dukes Hotel.

"At both the Balkie and Dukes I like their personal touch. The staff make the effort to know your

preferences. For example, I like flowers in my room, and I like certain flowers, and they are always there. When my children were born they sent flowers to my wife - it's little touches

like that that buy your

loyalty and make you feel

special. I know I'm just a number on an American Express card really, but they do make the effort." He feels the boutique

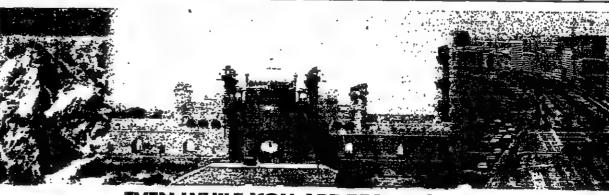
hotels in Europe are particularly successful. They need to maintain level of courtesy and distance while still being friendly and helpful. That's difficult to achieve in the US - the staff feel they have to be your best mates But in London you find a nice mix of belpfulness and Small hotels are

undoubtedly good at winning loyalty, but they repay it, too. Says Mr Max: Rack in 1991, I had planned to be in Madrid, and had made a reservation at the small hotel I stay in there about a month and a half in advance.

"My secretary phoned to confirm the reservation four days before I was due to arrive, and there was n problem. But when I arrived there were metal detectors, snipers on the roofs of nearby buildings, guard dogs: very high security. They stopped my taxi when I arrived and asked me what I was doing there, then waved me through.

It turned out that the whole hotel - bar my room had been taken over by the Palestinian negotiating committee for the Middle East peace process. Rather than turfing me out they'd kept my room for me."

Kate Bevan





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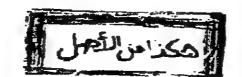
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Hotel loyalty programmes: by Scheherazade Daneshkhu

Regular visits are the key

Prizes range from a free weekend night to a free. stay for two for a week, including airline tickets and car rental

Hotel loyalty schemes are the younger sibling of frequent flyer programmes and they typically operate in much the same way.

spend with a hotel group, the more points you earn. These can then be exchanged for prizes, usually free nights, room upgrades or even casino chips such as in ITT Sheraton's scheme. Many hotel groups have developed their schemes in partnership with airlines so travellers can earn frequent flyer points without having

Details of the schemes vary from company to company. Some only give points of marketing automation for

cases, not every member of a International, said that the chain operates the system. And some companies may also offer more than one type of programme.

For example, Marriott operates both a points system and a mileage scheme. Under its Honored Guest Awards programme, travellers earn points for each stay, based on the cost of their room and get bonus points for travelling with the The more nights you group's airline partners or hiring a car through Hertz. its rental partner, Prizes range from a free weekend night to a free stay for two

> tickets and car rental. But after researching the way frequent flyer programmes work, Marriott introduced Marriott Miles three years ago, a parallel scheme under which miles are credited to the guest's frequent flyer account.

Mr Peter Dennis, manager

■ The pros and cons: by Kate Bevan

Small things can get on your nerves

Down-to-earth problems can become pet hates for regular travellers

Mr Andrew Solum, travel manger of Inmarsat, the global communications company, is a hard man to pin down. He travels a couple of times a month, with trips ranging from a one-day dash from his London base to a maximum of three weeks away from home. As with many frequent travellers, his likes and dislikes are very

"I hate queueing, immigration, customs and passport control, particularly coming. back into the UK." says the US-born executive. One of his pet hates is the bureau-They can cause you to rearrange your trip.

an Australian member of staff. They required five days notice, which we couldn't give them because he'd been invited to a conference at the last minute as a replacement speaker.

Then we got a letter from the US embassy ticking us off for not arranging the visa well in advance. They said: 'These conferences are arranged in plenty of time. you shouldn't leave it till the last moment to get a

Mr Solum has a solution for this particular frustration. "I'd like to see competition - the same embassies having different offices with targets to meet.

"Some take three days to issue visas, some take three weeks. And nothing is standardised.

"They all require pretty nuch the same information out all with different forms. And they cost so much - I 1ad to pay £500 for a visa

Tankers .

April 64

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It is often the small things hat get on a regular traveler's nerves. Mr David Radliffe, managing director of logg Robinson Business ravel international, has a tiggle about luggage:

"I hate it when there's no com in those overhead bins in the aircraft for bags. I lew recently with an airline hat had a clever boarding ystem - they boarded pasengers with window seats rst, then the centre seats nd then finally the aisle eats. But the problem was nat like many other regular aveilers, I always choose n aisje - and by the time I as boarded there was owhere for me to put my

He goes on: "I hate it when ou go through Fast Track



departures at the airport and discover the queue there is longer than in the ordinary cracy of organising visas; channel I also hate it when you collect a hire car, you queue for ages, then you're for the US at short notice for you finally get to the car and you discover they've given you the wrong key."

A bigger concern for Mr Solum is the cost of keeping in touch. With hotels imposing steep mark-ups on telephone calls, modern communications can add up to at least as much as the room cost - one of his colleagues once had to send a 22-page fax from Hong Kong at £11 a

Regular travellers can always go on for as long as you let them about the niggles, slights and general inconvenience of travelling. Mr Solum hates the antisocial hours at which scheduled airlines deposit passengers - in Bangkok at 6am. for example - and the fact that hotels often cannot accommodate the weary

atrival until noon. Mr Radcliffe likes to be left in peace on a long flight, not woken up regularly to be offered a service he does not want

But press the jaded executive enough and even the most hardened can come up with something they like. Mr Solum says travel can be an adventure.

"It makes you realise the world is terribly small - we really are a global village. You can fly to Sydney for just five days. "And travel can change

your life. You never know who you're going to meet at a conference, or who you're going to sit next to on a Mr Radcliffe's likes are

more down to earth. "I like a taxi driver that keeps quiet; I like a short drive to a hotel. And when I get on a plane, I like a smile. Despite its size and the fact that it's re-englneering a large organisation. British Airways is still pretty good at that, and American Airlines is getting

much better at it." He also likes a hotel that makes an effort. "I love fast hotel service. If room service is slow. I won't stay there again.

But like many executives who are often on the move. what Mr Solum likes most about travelling is getting

"It makes you really appreciate your home; sleeping in your own bed; bathing in your own bath. It makes you realise how lucky we are to live somewhere the electricity works, the phone works, the transport works."

if guests are paying the full Europe, the Middle East and unusually for a loyalty or "rack" rate. In some North Africa, at Marriott scheme is fee-charging, gives research showed that business travellers were only loyal to a frequent flyer programme until they could claim their prize.

"With Marriott Miles, our aim was to direct the loyalty to us." Guests can be members of both schemes but they have to choose between earning miles or points.

However, Hilton Hotels Corporation allows "doubledipping" with its HHonors loyalty programme. It claims to operate the only scheme which allows travellers to exchange points for airline miles and exchange airline for a week, including airline miles for points.

For example, once you have 5,000 airline miles with Hilton's airline partners. these can then be exchanged for 10,000 points; alternatively, 10,000 HHonors points can be exchanged for 1,500 airline miles. The loyalty scheme will soon be extended to Hilton International, owned by Ladbroke, the UK-based betting company which has the rights to the Hilton brand outside the

hotel loyalty schemes are guest recognition programmes, under which the guest does not accumulate points but is given benefits instead. Inter-Continental's Six

In addition, hotel loyalty countries is similarly low. Unless a hotel chain can

offer guests a hotel wherever unless they travel frequently Continents Club, which Mr Paul Slattery, leisure

members benefits such as priority reservation, room upgrades, early check-in and late check-out. Guests can also earn mileage points with the group's 29 airline

Although some hotel loyalty schemes have been around a long time, they have not in general penetrated the business travel market to the same extent as frequent flyer programmes. In part this is because travellers spend more time flying than they do staying in a hotel - many business trips do not involve an overnight

schemes, which originated in the US, are still less well-developed outside the country. partly because branded hotel chains are less well-represented in the rest of the world. While three-quarters of US hotels are affiliated to a chain, less than 30 per cent are branded in Europe. The percentage for Asia-Pacific

investment bank. business happens to take them, it cannot expect a high degree of customer loyalty. Travellers, too, can find it difficult to build up points with hotel loyalty schemes within the US, according to ing customers is great. Inter-

File Edit Travel Map Help 47 Moluwe-St. Pierre

tion provider OAG has taunched a PC travel system - OAG HotelDisk - which features interactive on-screen maps show location of business hotels within a given city. The system features more than 15,000 of Europe's hotels in 8,800 town and cities

There are 4.7m frequent guest programme members North America and 2.3m in the rest of the world. according to the Londonbased *InsideFlyer* magazine. But the potential of loyalty

schemes as a way of retain-

Continental attributes 10 per guests' needs, draw knowcent of group revenue to its ledge about their likes and scheme, which it also dislikes from their guest hisbelieves is responsible for tory and then exceed expecholding up repeat business tations," said Four Seasons. at about 75 per cent. Nevertheless, some hotel groups, grammes are not the decisuch as the Canada-based sion-making factor as to Four Seasons, eschew loywhere to stay."

However, even Four Seaalty schemes altogether. sons has started operating a "It is for us to anticipate

recognition scheme in the past few years for frequent guests, even if it does not publicise it as a loyalty programme. After a minimum "For our guests, loyalty proof 25 stays, a guest is given benefits such as complimentary dining, building up to weekend stays, "It's to thank the person for staying with

"I need my own space." The peace and tranquillity of a separate Business Class is now also available on our flights within the UK. For the first time, flying on business within the UK has the same benefits as the rest of Europe. Our new Diamond EuroClass offers you a separate check-in, an exclusive new lounge at Heathrow and an upgraced in-flight service in the haven of a separate cabin. It's a world apart.



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when the price of a meal could change while you were eating it

Business travel tends to be so humdrum these days that a trip to South America may well be much like a visit anywhere else. Aircraft arrive with surprising punctuality, hotels are the usual concrete non-entities, and business meetings are normally conducted in faceless, air-conditioned offices on the 26th floor

Big Latin cities, at least in their generally prosperous centres, have done a fair job at imitating their counterparts in Europe or the US. If you were plunked down momentarily in the business district of Brazil's São Paulo you could be excused for thinking you were in New York. A similar experience in Buenos Aires, Argentina. might put you in mind of

Such familiarity, culturally as well as architecturally, often comes as disappointment as well as a relief to the visitor, who might have expected something just a little more exotic. But Latin America becomes more different the more you scratch below the surface.

Try to visit the home of local cultural or sporting event (football matches highly recommended for the

The central

share of the

market

European airlines

have been able to

Gone are the days when places such as Omsk, Tomsk

or Tirana were obscure dots

on another planet as far as

most business travellers

Travel to final destinations

in the former Soviet Union

can still be a tricky business

on small privatised airlines

flying repainted old Soviet

aircraft with dodgy tyres

and uncertain maintenance

records. But travelling to

central Europe is now virtu-

ally indistinguishable from

flying to anywhere else in

Europe, thanks to flerce

competition between airlines

on some of the fastest-grow-

ing routes in the world.

attract a rising

business class

Eastern Europe: by Anthony Robinson

Gone are the days steely nerved), or plan an more you rub shoulders with normal Latin Americans. rather than the business people you are scheduled to meet, the better understanding you will gain of what really makes the country

> • Row to get there: Most big European airlines have direct services to several Latin American cities from which connecting flights can be taken to more out-of-the way destinations. Likewise. larger Latin American countries have airlines that serve a range of European cities often including Madrid, Lon-don and Frankfurt, as well as Miami, New York and, in some cases, Los Angeles.

The most comprehensive network of flights to Latin America is operated by United and American Airlines from Miami airport, with daily services to most

locations.

Domestic and regional travel: Given the size and geography of most of the region's countries, air travel is usually the only realistic way of reaching cities outside the capital, Most domestic airlines offer a fairly comprehensive although timetables to smaller cities can be infuri-

Safety levels of most Latin airlines, with the exception one of your hosts, take in a of Chile, are not high. Many aircraft negotiating Andean peaks or landing at airports with inadequate radar facili-

Fierce competition



ties are 25-30 years old. Telecoms: Following a big

privatisation push throughout the continent, most countries' dilapidated telecoms systems have improved beyond recognition. Direct dialing is available in nearly all big cities and lines are usually good enough to send

Chile's system is among the most efficient and cheapest in the world. In other countries, such as Argentina and Brazil, better service has been developed at the expense of outrageous tariffs. Try to make calls using international telephone cards, although some hotels infuriatingly block their use. • Hotels: The standard of Latin American hotels is improving fast, although

many five-star hotels may

still not compare favourably

with equivalents in Asia or the US. Security can be a problem, and it is wise to take seriously warnings about leaving valuables in the safe-deposit box.

Luxury hotels tend to be more expensive than international norms, and breakfast is not always included in the room rate. Comfortable long-stay apartments are available in most large

They can often be rented for a few days at a time at perhaps a third of the cost of a five-star hotel.

 Money: Latin America, for the moment free of hyperinflation, is not as entertaining for the visitor as it once was. Gone are the days when the price of a meal could change while you were eating it. However, the vestiges of hyperinflation

remain. Beware old notes, still valid, but for which one has to remove the final three zeros to determine the true value. In Uruguay, now aiming for single-digit inflation, cahs still work on a unit system, where the number on the meter is converted to a cash equivalent using a rate card. The dollar is king throughout the continent. Cash or travellers cheques denominated in other cur-

exchange. Business Customs: Sterectypes of laid-back Latins showing up hours late for appointments are just that, with business for the main being conducted fairly punctually.

rencies may be hard to

It can be a sign of power to keep a frustrated visitor waiting endlessly in an air-

FINANCIAL TIMES MONDAY OCTOBER 7 1996

Tremendous Markati improvement and Business

travellers should steel themselves for unreliable telephone lines and sometimes exorbitant charges at hotels

For many investors, travelling is one of the most gruesome aspects of investing in the newly independent states (NIS) which once made up the Soviet Union. Airports are usually labyrinthine, crowded and dirty; hotels are often uncomfortable and overpriced; and telephone networks are usually shaky at best.

But the distressed visitor should take comfort from the fact that, while getting around the NIS today is not for the faint-hearted, conditions have improved tremendously since the collapse of the USSR. Moreover, veteran travellers eventually discover the hidden advantages of the region's sometimes slightly shady business cul-

With enough persistence it is, for example, possible to get a ticket on almost any flight in the NIS, no matter how fully booked it is. After making private arrangements with the cabin crew or the ticket sellers, the determined traveller may find herself seated in the cockpit or having deprived a legitimate passenger of his place. But, if she can bear the twangs of her conscience - and the physical discomfort - she can be almost certain of getting to

her destination. How to get there: By force of habits learned in the Soviet era, business travellers or their travel agents may automatically fly to Moscow or to the capital of the republic they wish to visit, rather than looking for a direct flight to their provincial destination. This is a mistake, because many regional centres, ranging from Lviv and Dnipropetrovsk in Ukraine, to Yeksterinburg and Krasnoyarsk in Russia's eastern steppes, are now connected with western Europe or Asia by direct flights.

Avoiding the capital cities can spare travellers awkward and confusing journeys between international and domestic airports. This is especially true of Moscow, whose airports for domestic flights - especially the dreaded Domodyedovo, starting point for most trips to Siberia - are very uncomfortable and difficult to navi-

 Regional and domestic travel: Once in the NIS, visitors will face choices between trains and planes and various airlines as they consider how best to navigate their way around the region. For overnight tripe, rail is often a pleasant choice - trains are less likely to be delayed than aircraft and it can give business travellers, who are often cut off from the real life of the countries they visit, a taste

of the local culture. Those who opt for the air

privatised airlines which have spun off from Aeroflot, the giant Soviet monopoly which once controlled the USSR's commercial airspace. The baby-flots USSR's commercial airspace.
The baby-flots, especially
Transaero, which boasts a
fleet of surprisingly smart. looking Boeings, were initially a favourite among regular business customers.

However, some frequent flyers report increasing problems with Transaero and its younger siblings, complain: ing that because these companies have such small fleels their flights are more often delayed than those of the sturdy downger of the skies Aeroflot

• Telecoms: Business travellers should steel them. selves for unreliable tola phone lines and sometimes exorbitant charges at local hotels. Conditions vary wild ly - a cockroach-infested hovel in the middle of Siberia may offer direct bennections to the west from hotel room telephones, wir it may be difficult even to reach other cities in the same region from a smart inn in a leading former Soviet city.

If your phone does work to make an international calldial 8, wait for a tone, thendial 10 followed by the country code, city code and then the phone number. For calls within the former Soviet Union, call 8, wait for a tong then dial the city code and

local number. Moderns can sometimes be successfully connected in the most unlikely locations. so it is worth packing an adaptor for the five pronged telephone jacks which are most commonly used in the

• Hotels: Hotels are often. the worst part of a visit to the NIS. Apart from the luxurious but exorbitantly priced hotels of Moscow and a few of the republican capitals, accommodation is likely to be primitive but fairly pricey, considering what is being provided.

There is nothing to do but grin and bear it, although business travellers considering a prolonged stay of, say, more than two or three weeks might consider arranging to rent an apartment through their local contacts. It is also crucial to make bookings in advance, because hotel receptionists often cling to the customs of the Soviet regime and will adamently refuse to check in a guest without a reservation even if most of the hotel's rooms are empty.

• Money: In some of the main cities in the region, including Kiev, Moscow and St Petersburg, it is possible to withdraw money from automated teller machines using cards belonging to the leading western networks. Even so, it is wise to bring a considerable stash of plain, unmarked US dollar bills, especially for travel to more obscure regions.

Take care to bring bills printed after 1991, because locals sometimes refuse to accept older bank-notes, fearing they may be counterfeit. Since the introduction of the new \$100 bill, with a igger, off-centre portrait of Benjamin Franklin, many local traders are reluctant to



Competition is not only of oil-rich Azerbaijan. At the fierce between airlines but also between hubs. Amsterdam, London, Frankfurt, Vienna, Zurich and other airports which are the home base of powerful national airlines plying the east and

above all for lucrative transfer business onto intercontinental routes. good connections with the region and Austrian Airlines fly daily not only to the main capital cities but also to provincial cities such as Kosice in eastern Slovakia,

central European routes,

compete feroclously for

point-to-point travel, and

southern Ukraine. British Airways is busy building Gatwick into its main hub for east and central Europe - with direct flights to six destinations. including Baku, the capital

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Düsseldorf, Edinburgh, Eindhoven, Frankfurt, Geneva, Lugano,

Malmö, Münich, Paris, Rotterdam, Stockholm and Zürich

departing from the central London airport. For further

same time, the airline has shifted many north American flights to Gatwick, offering Houston oil men, for example, convenient flights to the Caspian region, expected to be one of the biggest "new" oil provinces of the 21st century But if it is deeper into cen-

tral Asia that you are heading, then Turkish Airlines might be your answer. At a Vienna airport was quick recent conference in London, to build on its traditional designed to persuade neryous UK-based businessmen. that tie-ups with Turkish companies could be their key to practically virgin markets of 73m people, Mr Cem Koziu, a former airline Timisoara in western man who is now regional director for Coca-Cola, Romania and Odessa in emphasised Istanbul's growing role as regional hub for onward flights to cities throughout the Caucasus and central Asia.

Meanwhile, Warsaw, the home base of Lot, the soon-

to-be-privatised Polish airwhich line recently announced a code-sharing arrangement with American Airways on its Warsaw-Miami and Warsaw-Los Angeles routes, also has plans to become the leading central European hub. The newly-built terminal

at Warsaw's Okecie airport was planned to reach its full 5m passenger capacity by the year 2000. Soaring traffic growth means it is now expected to reach saturation by 1997. A big extension will shortly get under way to cope with 21st century traf-Lot provides a classic

example of the speed with which former Soviet bloc airlines, with their legendary grumpiness and expensive-to-run, hard-to-maintain Tupolevs and Ilyushins, realised that survival depended on competing with western airlines on quality as well as price. That meant buying or leasing Boeings, Airbuses and other western aircraft. training cabin staff to smile and serve good food, and either revamping or building new airports in the biggest

For CSA, the Czech and Slovak airline, and Malev, the Hungarian airline, survival was also thought to demand a strategic tie-up with a western partner, Air France and Alitalia respectively, with disappointing

remits
CSA has dropped its French link while Maley has profited from a rapid growth in eastern markets, especially the highly profitable Budapest-Moscow route. This is popular with wealthy Russians returning to the thermal baths and five-star hotels and going on shopping sprees. Meanwhile, passengers on

newly-privatised airlines in outlying parts of the former

find themselves on Russianbuilt aircraft bought secondhand from the central Euro-

Passengers on privatised San Airways domestic flights from Almaty, the Kazakh capital, to the brand new but only partially opened Karaganda airport, for example, were puzzled recently to find that all the signs inside the freshlypainted aircraft were in Pol-

On all airlines, wooing the premium business class traveller is the key to enhanced profitability. With foreign investment and trade now rising sharply, airlines are hard-pressed to keep up with demand. Over-booking is now frequent, especially at the end and beginning of each week, reflecting the large volume of regular "commuter" travel on these short-haul routes.

Significantly, the central European airlines have been able to attract a rising share of the business class market, popular with the region's sometimes very rich "new rich" and globe-trotting busi-

London and Frankfurt, for example, have become the most profitable of all routes for Lot flying out of Warsaw, despite competition with two of the toughest airlines in Europe, British Airways and

Lot offers a free night at Warsaw's Marriott hotel as an inducement for business travellers to fly Lot in both directions. It has also ordered two new Boeing 737 aircraft with the latest audiovisual equipment specifically for business travellers on the London and Frankfurt routes.

Upgrading of airline services has marched pari passu with an enormous rise in the quality, and cost, of hotel, restaurant and other facilities, including telecommunications. Even Tirans now has a clutch of first

exception rather than the

norm. Before visiting a par-

ticular country, it is worth

ascertaining its business

dress code. Some countries,

such as Chile, can be fairly

strict, while elsewhere it

may be considered normal to

attend a business meeting

· Crime: Most big urban

centres have their fair share

of crime, with reports from

Mexico City, in particular,

indicating that recent reces-

sion has multiplied the city's

dangers. Rio and São Paulo

in Brazil, Bogotá in Colom-

bia, Lima in Peru and even

Santiago in Chile all have

certain reputations for street

crime. Buenos Aires, the

capital of Argentina, is

refreshingly safe given its

huge size, although even

here crime is said to be

tieless and jacketless.

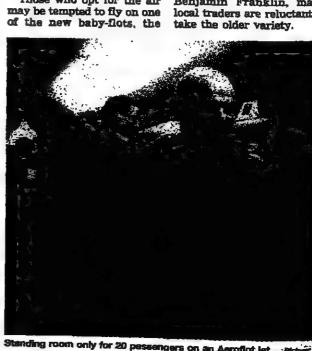
Direct dialling is now the norm in main city hotels throughout most of central Europe. Fleets of expensive hotel taxis ply for business outside the palatial entrances, awaiting the beckoning call or whistle of the top-batted doorman. The drawback is that hotel taxis often cost three or four times the normal taxi service, but casual cabs are often hard to find and language problems often deter phoning for a cheaper service.

A recent Lufthansa survey of business travellers in central and eastern Europe found that inability to understand Slav, Baltic, Hungarian and other local languages, and lack of knowledge of local customs, were the main difficulties now reported by business travellers to the region. This remains particularly so in Russia and much of the former Soviet Union where

Cyrillic signs predominate. Lufthansa's findings are an extraordinary testament to the speed with which central Europe has been transformed from the exotic and distant to the commonplace and close to hand,

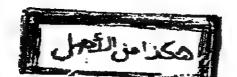
If advice is called for it would be: Don't be fulled into a false sense of familiarity. The scars left by decades of communist rule are deep. Take time to learn the rudiments of the language and an inkling of the usually long and complex history of the people.

If you can, stay a little longer than strictly necessary; get out to the countryside and small towns; try and make friends. In short, do what comes naturally. Since 1989 we are all back on the



Standing room only for 20 pessengers on an Aeroflot Jet. Picture AP.

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Nement Remarkably afe and courteous

Something is bound to go wrong... Don't worry unduly. Be patient, keep your sense of humour, for eventually things will work out

The Sultan's band no longer plays outside the English Club in Zanzibar. It is 25 years or more since you could take the river steamer down the Nile to Nimule. It's ages since the S.S. Robert Coryndon plied Lake Albert, from Butiaba to Pakwach. And the last flying boat from London touched down on Lake Malawi many years before I started travelling to, and around, Africa,

You can, however, fly from Heathrow to Johannesburg in about 10 hours, or from Paris to Nairobi in eight hours, and I suppose that's

For all its trials and tribulations, Africa has opened up to the world dramatically, as political and economic reforms have taken hold and modern technology, from jumbo jets to mobile phones, shrink distances and make the lives of business travellers easier.

Visas are easier to obtain, tiresome regulations which required travellers to declare their foreign currency on arrival at airports have been dropped, credit cards are widely accepted, and more likely than not, your hotel will have CNN.

Betting there: Because I ilways fly from London, I :lways travel on British Airvavs, partly because I am sooked on air miles, but also ecause I think that their ervice is the best on the outes to Africa.

However, the FT buys my is are not cheap. Otherwise,

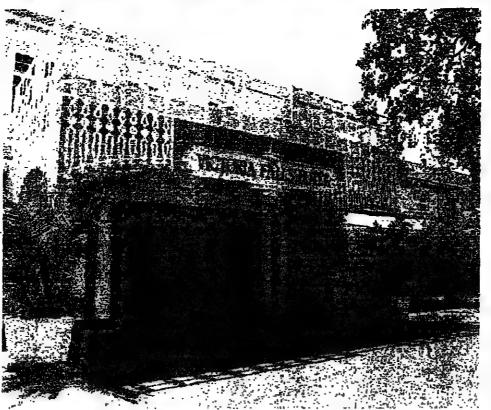
I would be doing bucket shop deals with Kenya Airway, RLM, and Alitalia, and hoping that when Virgin starts flying between London and Johannesburg this month it will force BA and SAA to bring their prices down on what is one of their most lucrative - and overcharged - routes.

 Domestic and regional travel: For all the headlines about crime in Johannesburg and armed robbers in Lagos - admittedly serious problems in both cities - I still find Africa a remarkably safe, friendly and courteous continent. (Yes, even Nigeria!).

In many years of travelling around Africa, l am hard-pressed to recall anything having gone seriously wrong. I have never been mugged. I have not lost a suitcase en route. Nothing has been stolen from my hotel room. I have always managed to get a seat on a plane - provided I wanted it badly enough. I haven't been in a car crash, and I have not suffered from malaria.

That is not to say that I am not careful, for Africa in general is getting more hazardous as economic decline takes it toll, whether in the form of airports where navigational aids do not work. cars with faulty brakes, or jobless youths taking to crime, or aircraft that are poorly maintained.

So I take a taxd for the six-block journey from the Carlton hotel in central Johannesburg to the FT office. I don't walk alone after dark on the beach across the road from Dar es Salaam's Oyster Bay hotel: I leave my wallet in my room when venturing out from Nairobi's Intercontinental: and only in Asmara, capital of Eritrea, do I walk the streets at night without a qualm or a care for my



Africa's roads after dark, for too many people I know have ploughed into the back of a truck or car parked on the side of the road without a warning reflector.

In most countries I stick to bottled water; in nearly all countries I take my anti-malaria tablets.

I also travel light: my crumpled cream linen suit (not really practical, but I cannot resist it); a pair of slacks and a baggy swimming costume that doubles as a pair of shorts: a shortwave radio; a bottle of bath oil: a penknife for peeling mangoes and tucking in to avocadoes: sunglasses: and business cards.

Oh yes, and a floppy hat and my Tandy computer, all of which fits into my carry-on case with wheels.

Air travel between countries in Africa is expensive. and there is little that the traveller can do about it. for the routes are controlled by a cartel formed by the national airlines of the two countries concerned. Thus an open aconomy return ticket between Nairobi and Johannesburg costs about \$1,100.

Car hire is available in most countries, but I prefer to strike a deal with a local the Mount Nelson in Cape I try not to travel on taxi driver. They could not Town). I suggest you take

be more different from their European counterparts, for they are singularly well informed, able to assess the merits of every cabinet minister, their chances of reelection, and the extent to which they have their hands

in the state till. Communications, I am sorry to say, are a lot better than they were, and not nearly as good as they should be. I preferred it when it was all but impossible to get an international call.

Now I feel obliged to try. and will pay a fortune when I succeed. In fact, calling abroad from most countries in Africa is usually straightforward - the problem comes when you try to make a phone call from one part of Africa to another.

Hotels: The same ambivalent view of progress applies to hotels - there are many more that boast five-star status, but far fewer that are pleasant to stay in. Those wonderful establishments with red-polished verandahs. rooms with high ceilings. residents' lounges with chintz-covered chairs and snooker tables, are becoming a thing of the past. But one tip: wherever you may be planning to stay (unless it's your own soan. Throughout be made of tallow obtained from the boiled-down fundaments of goats.

Reading: The Rough Guide series on Africa are excellent. Business travellers should take the Economist Intelligence Unit report on the country of their destination (and the latest FT suryev), while the World Bank country reports are now readily available.

Money: While credit cards are widely accepted, they should be supplemented by travellers cheques, and a stash of US dollars provides a universal currency.

One final piece of advice: Something is bound to go wrong at some stage in your travels; the aircraft will be over-booked; the hotel will not have your reservation; a critical appointment is not kept. Don't worry unduly. Be patient, keep your sense of humour, for eventually things will work out.

And if when you get back. you are worried that you have, despite all precautions, picked up something mysterious and nasty, make an appointment at the London Hospital for Tropical Diseases, probably the best institution of its kind in the world (0171-487-4411).

China: by Sophie Roell

How to minimise the risk of mishap

In one leading hotel in Shanghai hotel staff actually had a competition to see who could steal the most from

foreign guests While the Chinese government may pride itself on its ability to maintain public order, one worrying development in the past couple of years has been a rise in the number of attacks on

visiting businessmen. in July, for example, an employee of US company Bechtel was murdered in his botel room on a visit to the coastal province of Fujian, The motive appears to have

been robbery.

In the north-east - one of China's most economically deprived regions - welldressed and visibly well-off foreign visitors are an obvi-

A growth in nationalist sentiment in China has given an extra edge to such attacks. One foreigner living in Beijing who has travelled extensively within China points out: "This is no longer a benign environment".

While the risks of travelling in China should not be exaggerated, to minimise the chances of any mishap occurring, it is worth being aware of potential dangers: In taxis and cars: The best way to avoid trouble from taxi-drivers is to take the cars provided by hotels rather than flagging down taxis in the street.

While it may be an extreme example, local officials in the north-eastern city of Harbin are apparently so concerned about incidents involving taxi-drivers that they now encourage visitors to travel from the airport in

The most widespread danger for road users is, however, from traffic accidents. Medical evacuation compaaccidents account for the majority of foreign deaths and serious injuries in

Selecting the most solidlooking car or taxi available is a sensible precaution - avoid the cheap breadvans in Beijing. Telling a taxi driver who

break-neck speed to slow down is not a breach of eti-Airlines: The commercial-

isation of the Chinese airlines has led to hig improvements in both the quality of the fleet and service on board. By and large it is now possible to fly on a Boeing or other western built aircraft

> The airlines tend to be relaxed about how much luggage you take with you

to most important destinations.

However, old Russian aircraft are still in use on some routes, particularly at a local level. Their safety record has not been good - and they should, if possible, be avoided.

Chinese booking agents are aware of how visitors feel about this, and when making reservations can inform travellers what types of aircraft are available at various times.

regional airlines such as from them may reduce risk China Eastern and China Southern - although even smaller airlines have been under pressure from the aviation authorities to step up maintenance. On many but not all

flights it is possible to travel business or first class. Chinese airlines tend to be fairly relaxed about how much luggage you take with

nies in Beijing say that road you in the cabin - so you can avoid putting bags in the hold.

Generally, Chinese airlines are not very sympathetic

about lost luggage. Hotels: In the main cities such as Beijing, Shanghai and Guangzhou, there are now scores of four- and fivestar hotels to choose from. It seems bent on driving at may be worth booking a room on the executive floor. where security tends to be

tighter. The most common problem is theft. Indeed, in one leading hotel in Shanghai hotel staff actually had a competition to see who could steal the most from foreign guests. Valuables should really be kept in the hotel

vaults. Unfortunately it is hotel rooms that have been the scene of many of the assaults against business-men. Guests should be careful whom they open their

hotel room door to. Also, although leading hotels now check that telephone callers actually know a guest's name before connecting them with rooms. there may be female callers offering massages or related

services. Bear in mind that Aids is on the rise in China, as it is in the rest of Asia.

 Health: Malaria is gener ally confined to the southern part of China, near the border with Burms and Vietnam - although in the summer months, the Yangtze River basin is also affected. Other diseases to look out

for in China are Hepatitis A and B and tuberculosis. At As a rule it is best to stick restaurants, wiping bowls to Air China and the leading—and chop sticks before eating - and it is advisable to avoid sitting in a confined space with anyone who is coughing violently.

Emergency medical evacuation insurance is a good idea. In Beijing two companies - Asia Emergency Assistance (AEA) and International SOS Assistance - offer evacuation ser-

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The focus switches to intranets

Intranets allow a corporation to install its own specific arrangements on the Internet while denying access outside the authorised group

If you have not started booking your travel via the Internet, you may be too late, Although it is little more than a year since Holi-day Inn took the first electronic reservation in cyberspace, the Net is now regarded as a distinctly passé medium.

Instead, travel agencies and their corporate clients are turning their attentions to so-called "intranets". These are private, customised versions of the internet made possible by corporations moving their computing platforms from 8-bit technology to Web servers.

Intranets are proving an attractive option as the travel industry starts to realise that the raw Internet is too clumsy to deal with the specific needs of individual customers. Furthermore,

although it works well as a source for information, such as flight schedules and hotel directories, it is not yet proven as a reservations medium.

For one thing, the Internet can be painfully slow to make bookings. For another, it is by no means certain that the Internet provides the best deals. The industry journal Travel Trade Gazette recently tried to book a trip for two from London to New York and Nashville on a Net page. The price it was quoted was £1.414 for the flights plus £478 for the hotels; total £1,892. However, after 31/2 fruitless hours of attempting to secure the booking, TTG gave up.

TTG then gave the same details over the telephone to Thomas Cook, which came back in less than an hour with a quote of £822 for the air fares plus £666 for the hotels; total £1,488.

In another test, the magazine Business Traveller went to British Midland's Cyber-Seat reservations page and was quoted prices of £144 and £89 as the airline's cheapest fares from London to Frankfurt and Paris respectively. A telephone call to the same airline produced quotes of £108 and £69.

"This much-hyped information system is more for the amateur than the professional traveller," Business Traveller concluded.

Internet is even more problematic. They reduce their travel expenditure by negoti-ating discounts with airlines in return for guaranteeing a certain amount of business with the carrier. Employees who book their flights through the Internet do not obtain access to the discounted fares, and their purchase is not recorded as part of the company's volume commitment. Hence the desire for an intranet, which allows the corporation to install its own specific arrangements on the Internet while denying access outside the authorised

of the Internet is so new that no one has fully implemented it yet in the travel business, although this is only months away. Among those working on the idea are American Express and Microsoft in a joint exercise. Mr Martin Gregg, Microsoft UK travel manager, says: "It fits together with the travel management side

of Amex, so that if a com-

This sophisticated version

pany has net fares with an airline or preferred rates with a hotel, the travel booker will be steered towards making those bookings. "It also fits in with the For corporations, the client's management controls, so that a booking will immediately be updated on its accounting and budget

> In the US, Hewlett-Packard has just launched a travel information page for its employees. This will be followed at the beginning of next year by a self-booking and expense reporting system. According to Mr Earl Foster, worldwide travel operations manager, the system will prevent travellers from booking flights with the wrong airline or in a class to which they are not entitled

> The intranet booking sys-tem will also help cut time wasted on filling in expense reports. Instead, an electronic form will be pre-populated by the booking infor-mation. All the traveller will have to do is remove any personal expenses and add those which are incurred out of pocket.

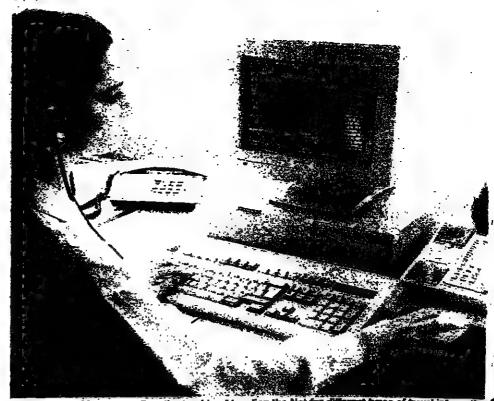
> Another key benefit of intranets is their convenience for travellers and for their employers, an Associa-

Executives conference learned in Madrid last month. Mr Joe Monaghan, Amex vice-president and relationship manager, told the conference that an intranet could save travellers the trouble of trawling the Net for the different types of information they require, such as timetables, weather reports, currency rates, government travel advice and corporate travel policy. For corporations, data can be updated without having to distribute new diskettes to

every employee. "Hotel programmes are something my clients are often excited about. Now they don't bave to print 10,000 new copies but can make just one change electronically," Mr Monaghan

For the terminally suspicious, there is also good news about intranets. They are secure, which is just as well because an unscrupulous company could learn a great deal if it knew where Its rival's executives were travelling.

Mr Bill Cavendish, head of IT for global travel agency partnership Business Travel International, told the ACTE conference that pharmaceu-



tical companies have set up intranets to share highly confidential medical test

results. If it is good enough

for them, it should be good

enough for the rest of us.

Travel agents: by Amon Cohen

Still a vital role to play

With fundamental changes convulsing the travel business, corporate clients need to reconsider their relationship with

agents A death knell has been sounding for business travel agents over the past couple of years. Since travellers can book flights and hotels on their PCs, why, it is argued, should they go to the expense of employing an

Yet, superficially compelling as this logic may appear, the sound of the belis is now receding. Having digested the significance of electronic reservations. few travel industry pundits doomed.

Instead, the prevalent belief is that agents must fundamentally alter the nature of their business but that they still have a vital role to play in helping corporations manage their travel requirements and drive down costs

Among those who foreses a bright but changed future is Annika Ortmark, travel manager for management consultancy The Swedish Management Group. Her belief is that agents should no longer be viewed as order-takers and ticket-issuers but as expert travel consultants who can advise on trips that travellers would find difficult to arrange

"Agents are no longer for booking simple return trips. This can be done by the traveller," she says. "However, if you are flying with two or more carriers, or outside Europe, or making a complicated routing, of course they will still do the job better and faster than the travel-

Her view is supported by Mr Richard Cornwell, chairman of the Institute of Travel Management and senior travel and functions manager at Price Waterhouse in the UK.

"The travel undoubtedly has a role to play when it comes to com-plex itineraries," he says. Technology will never supersede a person who has a lifetime of fares structures at their fingertips. It is these people who will survive in the slimmed-down agencies of the future."

Besides, as Mr David Radcliffe, managing director of Hogg Robinson Business Travel International, points out, business travel agents do a great deal besides constructing itineraries for their clients. "There is a lot of nervousness about deserting agents, on two fronts," he says. "The first is, does it save money? Is it cheaper to telephone a travel agent or to have highly-paid executives booking their own travel and hoping they have found the most cost-effective fare?

"The second issue," says Mr Radcliffe, "is all the addi-tional services. If you book your own travel, what happens if your flight is cancelled, your hotel is full or you get mugged?"

In this new environment, the more sophisticated

travel agencies have set about re-defining their roles by customising self-booking systems rather than competing with them. They realise that they can leave routine bookings and ticketing to the technology, allowing them to cut costs and instead give personal siter of tion to high-value, complex travel. "Ninety-nine per cent of the work we do today is transactions and implementation," says Mr Travis Tab grant ner, the Minneapolis-based co-president and chief executive officer of Carlson Wagonlit Travel.

"The future is travel and 30,7211 entertainment management and business solutions. The things we get paid to do today we will do for free in future; what we will get paid for is what we currently do for free

With these fundamental changes convulsing the clients need to reconsider their relationship with agents. Until now, agents page 17:00:00 have been remunerated for booking an air ticket by the airline. Typically, a part of this commission has been passed on to the client in the form of a rebate. Such economics are now regarded as redundant.

Firstly, airlines want to axe commissions as part d their drive to reduce distriaccount for 20 per cent 9 their revenue.

Secondly, clients have realised that it is illogical inpay their agent more money for selling them a more expensive ticket. And elec tronic booking also means that agents are not going to be handling as many ticket as before, which means they will receive less commission anyway. No wonder Mr Est Foster. Hewlett-Packars worldwide travel operations manager, predicts that "com missions will go away by the

end of the century".

The upshot is that agent and their clients are abso doning commissions and turning instead toward management fees, where the agent is rewarded for cons tancy work, for specific s vices such as passport an visa procurement, and for helping to reduce travel 144 Both Annika Ortmark a

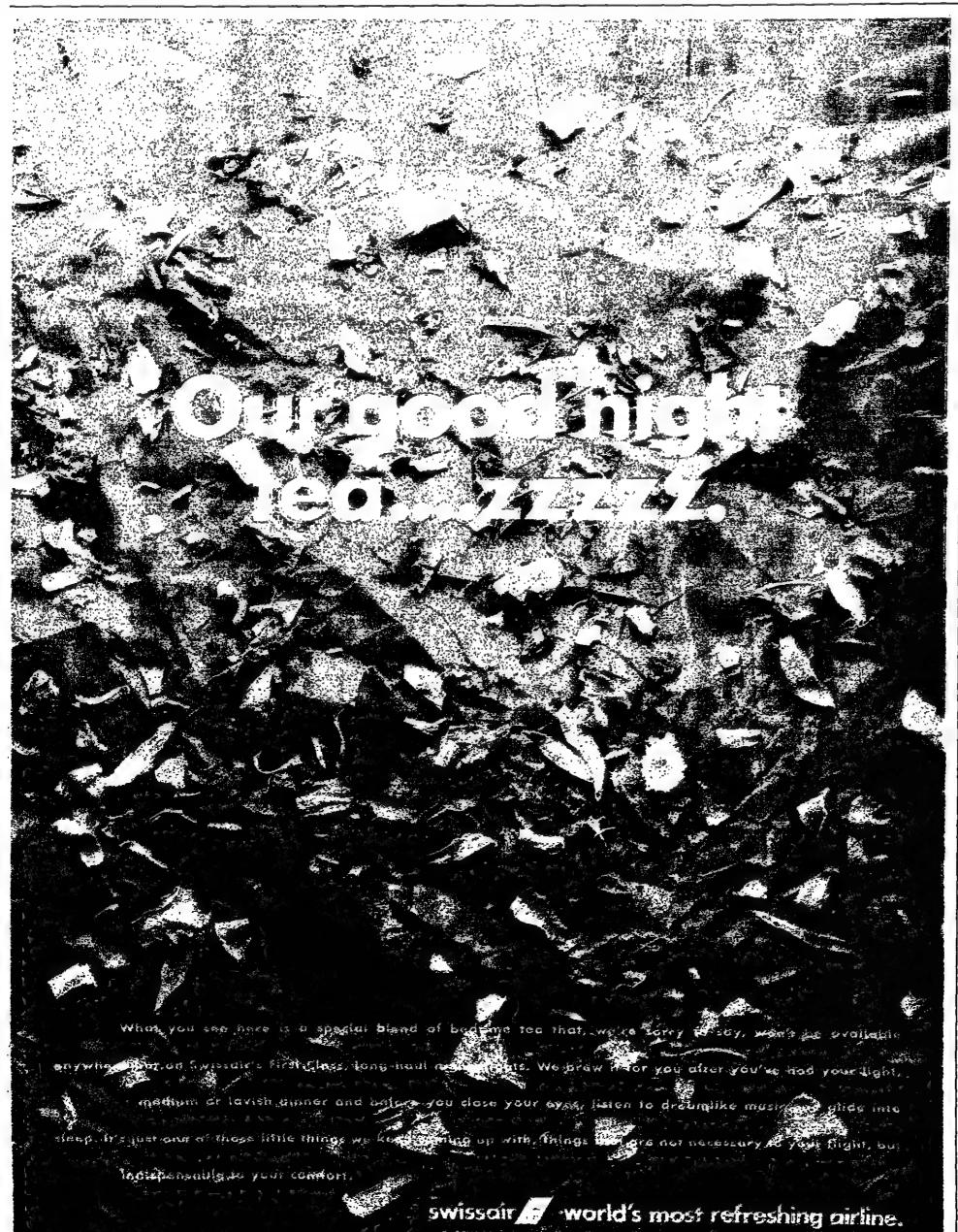
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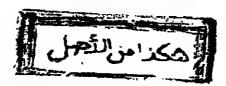
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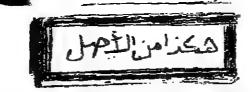
agents agree with them According to Mr Tannel Carlson Wagonlit has now moved all of its US chents other than governmen accounts, over to manage ment fees, while the figure in the UK is 40 per cent. But the human touch has not disappeared completely. Mr Radcliffe says that fal. from distancing themselves more and more clients at getting closer to their agent by setting up agenci implants on their own preises. "Despite all the technol ogy in the world, it nev ceases to surprise me ho much value our clients place on personal contact," he says. "We could service them from half way across the world, but a lot of peg

site for face to face advice Perhaps the day that a business travellers are gra uates of the computer will spell the end of the travel agent. For new reports of their demise se

prefer to have someone







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Belgium	(BF1)	31,5200	-0.007	000 < 400	31.5800	31.4420	31,455	2.5	31.3225	2.5	30,7025		105
Deramark	(DIG)	5,8649	-0.0006	639 - 659	5,8775	5.8555	5.856	1,8	5.8378	1.9	5.7659		108
Finland	(FM)	4,5862	+0,0011	517 - (0)7	4.5765	4.5379	4.5574	2.3	4.5387	2.4	4.4562	2.4	
France	(FFri)	5.1786	+0,000)	782 - 790	5.1885	5.1677	5.1699	9.0	5.1518	2.1	5.0896		105
Germany	CHO	1,5296	-0.007	298 - 298	1,5333	1.5268	1.5266	2.4	1,52	25	1,4898		107
Greece	(Dr)	240,990	-0.125	940 - 040	241.530	240,530		-7.7	245.115	-3.8	256.14		
rejernoi	(E)	1_5985	-0.0000	980 - 980	1.8017	1,5982	1.5982	0.2	1.5979	0.2	1.5947	0.2	
taly	(4)	1521.95	+5.17	120 - 270	1523.02	1516.24	1525.75	-3.0	1531,7	-25	1547_2	~1,7	
LICETTOCUTS	(LPr)	31,5200	-0.007	000 - 400	31,5800	31.4420	31,455	2.5	31.3225	25	30.7025	2.6	
Verberiends	F	1,7100	-0.D000B	157 - 182	1.7246	1.7131	1.7122	2.7	1.7042	2,8	1,5685	2.8	
Norway	NKI	8,5069	-0.0029	069 - 079	6.5201	5.4816	6.5031	0.7	6.4975	0.6	6.4718	8.5	
Portugal	`(Es)	154,890	+0.18	(40 - 940	155,080	154,600	155,095	-1.5	155.39	-1,3	158,185	-0.0	
Scaln.	Plak	128,745	-0.12	730 - 760	129,000	128,520	128,225	-1.7	129.165	-1.4	129.85	-09	
Sweden	(SIC)	6,6200	+0.0014	162 - 255	6.8260	6.8049	6.6181	0.5	5.6082	0,8	6.5609	66	
Seltzeriere!	(SF1)	1,2558	+0.0013	555 - 500	1.2595	1.2515	1.2514	4.2	1.243	4.1	1.2053		11D.
K	, B	1.5831	-0.003	646 - 635	1.5665	1_5815	1.5025	0.5	1.5618	0,3	1.5594	0.2	
201	~	1.2482	+0,0004	479 - 484	1,2500	1.2454	1,2495	-1.3	1.2527	-1A	1.2692	-1.7	
DR/	~	D.895188	-	-	-	-	•	-	-	-		-	
merican													
rgentins.	(Pesa)	0.8896		<i>9</i> 95 - 996	0.9996	8.0005	-	-	-	-	-	-	
CTCO.	(FIS)			215 - 217	1.0221	1.0213		_					
W19Cin	(C\$)			<i>5</i> 30 - 555	1.3613	1.3545	1.3555	7.5	1.3484	1.7	1.3348	1.5	
	₩ Peso)	7.5295	+0.0025	270 - 320	7.5320	7,5250	7.6475	-18.8	7.914	-20,4	8.7745	~16.5	
JSA	南		-	-	-		-	-	-	-	-	-	96.
الوائنا والأروا							4 0000		- 4444		4 0242	4-	
indrate.	(AS)	1.2658		655 - 663	1,2672	1.2652	1.2673	-1,4	1,2692	-1.1	1,2747	-0.7	\$5.
liong Kong	6-1(C)	7.7326		321 - 331	7.7335	7.7318	7.7325 35.865	-7.2	7.733 56.325	0.0 -7.6	7.7441	-0.1	
ndie.	(Pet	35,6500		500 - 500	35,/(500)		33,803	-12	تعدون	-1.0	-	- :	
أقوبها	(Ship	3.1897		872 - 922 500 - 000	3,1926	3.1870 111,410	111,055	0.4	110,06	5.4	105.845		131.
Japan	_ m	111.560 2.4908		520 - 800 993 - 003	111.880 2.5030	2,4990	2.5027	~1.4	2.508	-1.3	2.5293	-1.2	
New Zesland	(A45) NZS)	1.4294		290 - 300	1,4300	1,4290	1,4349	-4.6	1,4382	-2.7	1,4707	-29	
Philippoines.	Pesci	28.2700		200 - 200	26,3200	26.2200	.,	-		-			
SIRAT ACROSIN	(SFI)	3,7505		503 - 506	3.7506	3,7503	3,7508	-0.1	3.7512	-0.1	3,7531	-0.1	
Sincepore	(55)			108 - 118	1,4118	1.4005	1,4091	1.8	1,4045	1.9	1.3833	2.0	
South Albert	R	4.5305		370 - 420	4.5420	4,6220	4.5802	-10.8	4.6552	-10.2	4.97	-9.5	
South Kores	attoni	824,700		600 - 800	825,300	823,500			-	-	-		
reiwen	(12)	27.4900	-	800 - 000	27.5000	27,4800	27.4901	0.0	27,4903	0.0		-	•
Ehelland	(130)	25,4340	-0.0005	290 - 390	25,4420	25 4010	25.524	-42	25.6915	-4.0	26.329	-3.5	

2532.98 +1.2 13.57 26.57 3.15 36.81 2093.04 -11.8 5.56 11.10 2.65 20.48 1009.48 +0.3 31.16 61.98 0.76 54.08

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LONDON RECENT ISSUES: EQUITTES

lottiber 4	Over night	One morth	Three mit's	Sk mths	One	Lomb.	Des. rete	Rep
lelakm	3,	3,	3.1	33	3.2	6.00	2,50	
week ago	3	3.	3.	33	3.	6.00	2.50	
папсе	34	3.2	33	3.2	32	3.35	-	4,7
week ago	35	3.	3.	35	32	3.35	-	4,7
Sectionly .	52	3.	31	314	5%	4.50	2.50	3.0
week ago	39	3	33	3%	3.5	4.50	2.50	3.00
reland	514	5%	5%	5.	514	-	-	6.2
Week (IDD)	5.	5%	523	52	58	-	_	6.2
aly	814	82	75	73	77.	-	8.25	8.3
Week ago	8.7	Bã	8.	72	734	-	8.25	8.2
letherlands	25	24	20	25	3.	-	3.00	3.30
week ago	22	2%	22	22	31/4	-	3.00	3.3
britzerland	13	15	134	130	114	_	1.00	-
week ago	116	12	136	136	144	_	1.00	
15	514	5 .	54	512	512	_	5.00	-
week ago	5%	52	5.	55	576	-	5.00	
ACMIN .	Z	36	46	3	145	-	0.50	-
week ago	- Z	÷.	Ž.		70	-	0.50	
I LEOR FT LO	- in							
nterbank Fitting	-	55	52	54	50	-	-	-
week ago	-	57	54	50	5 2	_	-	-
th Dollar CDs	_	5.15	5.22	5.35	5.62	_	_	
weak ago	-	5.15	5.21	5.23	5.58	_	_	_
CU Links De	-	44	474	416	42	_	-	-
week ago	_	416	4%	4.5	au	_	-	-
Di Livini De	-	3,3	3.	34	32	_	-	-
Week ago	-	32	3	3,7	314	-	~	-
LIBOR Intertweek of the control of t	1 mm esc d Westm	in working Inster,	day. Th	s panks	are Bar	Nors True	t, Benk	of Tok

Oct 4	Short	7 days	One	Three months	Six months	One
Belgian Franc	318 - 215	318 - 231	314 - 3	3/4 - 3/4	312 - 314	3,7 - 31
Danish Krone	312 - 376	3 - 3 - 3 - 3	35 - 3,4	3 2 - 312	314 - 374	352 - 34
D-Mark	312 - 312	314 - 215	31 ₈ - 3	314 - 233	34 - 253	3/4 - 3/
Dutch Guilder	212 - 212	212 - 211	25 - 253	278 - 213	243 - 212	3-5 - 21
French Franc	312 - 312	3/2 - 3/4	312 - 313	312 - 313	3.3 - 915	3 3
Portuguase Esc.	613 - 612	719 - 74	7.4 - 6 2	61 67	613 - 612	64 - 65
Spenish Peseta	7 - 612	64) - 643	B31 - 611	611 - 621	641 - 643	Bi - 61
Sterling	54 - 54	54 - 54	583 - 583	5 a - 512	543 - 5%	6
Seites Franci	112 . 114	13- 13	14 - 14	16 - 16	150 - 115	14 - 14
Can, Dollar	3H - 35	312 - 350	34 - 35	34 - 35	312 - 311	414 4
US Dollar	512 - 4%	54 - 5	54 - 54	54 - 54	511 - 5%	513 - 51
tation Limi	84 - 84	8,4 - 8,1	M4 - 8-5	731 - 753	786 - 74	76 - 77
Yan	12 . 1	12 - 12	3 . 8	17 . ia"	15 . 11	1 X . X
	-9	Z45	- 17 27 27			140 . 146

THR	EE MONTH	EURODO	LLAR (IMI	4) \$1m pc	dints of 10	0%	
	Court	Sett price	Change	High	Low	Est. vol	Open int
Dec	94,28	94.29	+1.17	94.40	94.75	82,620	487.530
Mer	94,16	24.14	-0.11	94.37	94.17	103,518	361042
jun	94,01	94.01	-0.17	94.24	94.01	52,547	263.819
F (5.1	REASISTY	est Pim	FIES (IMA	4) 51m po	100%		
Dec	94.66	94,93	+0.10	94.95	94.85	377	4,008
Mar	94.80	94.86	+0.15	94.89	94,80	189	1,584
		0.4 70		64.00	De les	000	200

۳_	(Erver)	L PAN	COM	-	- 6	44-	GRV.	٠,,,	yes	1807	JUR	34,0	34	<i>M</i> 1 →	J. 17 H	4.24 34	146,56 10.	203.011
P.	286.0 33.0	332 ¹ 2		AEA Technology	33212		L7.5	3.3	2.8	13.4	W (55.7	PEASIS	Yest	FITTING	S (IMM) 5	1m per 100	PN-	
	38.0					-0	_		_	_								
P.		100		Amer Oppo Ln 03/		-	1000 45			400	Dec	94,6	5 94	503 +C	0.10 9	4.95 94	.85 377	4,008
P.	125.4	17912		Brunner Mond	1500	40	109.45	2.0	8.2	19,0	Mar	94.8					.80 189	1,584
P.	29.5	901 ²		Cruden Bay	85						Jun	M.5					50 656	711
₽.	31.0	1097		Deliron Becom	168 ¹ 2		Wa 75	2.9	2.0	15.9	_		_			4,10 21	101 000	711
₽.	41.5	246		†Bec Retail Sys	19712	+1	-	-	-	-	All Open	Interest hy	ii- 379 10°	GLBAIOTH Q	براتنا			
Р.	11.7	316		Europa Mining	315		-	-	-	-								
₽.	208.2	8421 ²	£25]}	GT Chille Growth	2264	48	-	-	_	-								
P.	1.83	15%	1314	†Groswanor Land	15%		-	-	-	-								
P.	_	127	11115	Heristone 8%	12012		-	_	_	-								
Р.	2,166	429		Imperiat Tobacco	416	-1	WZ0.0	2.5	6.0	6.3								
ρ.	58.2	177		Interputer Toleron	1742													
P,	4.23	114		TMeers Group	114		_	_	_	-								
				Millenium Chem	21413		Q80s	_	2.6	_	RIGH	TS OF	FE 25					
P.	18.9	2002		Onental Rest	19712	-0	15.5	0.5	9.7	22.3				•				
						49	10.0	0.3	8.7	22.3	ASSECTION 1	Amount	Latent					
₽.	15.0	TUE		†//Personal No Co		-7	-	-	-	_	SAFE SERVICE	paid	Renun.	100			C)	osing
Р.	11.5	7012		†Polydoc	6712	-3					D	ЦР	date	High	Low	Stock	21	ice p +c
₽.	6.61	13712		Shalibane	13712		R4 0	2.1	3.6	11.3								
₽.	186.8	290l2		Ultra Elcin	290	- 44	PAV6.5	23	2.8	19.7	276	NII	10/10	33pm	15 ¹ 2pm	SICC		¹ 2pm
P	9.54	73.	64	†Weeks Group	74		0.09	4.8	1.6	16.7	~	NII	15/10	47pm	34 ¹ 2pm	Daves Fin L	Jinits ·	47pm +5
	in mailton	ere Mor	het. S	Plecing price " Int	raductio	m. Fo	er a fuill	0100000	and or	of all	105	MII	16/10	3120m	2pm	FII Group		2pm -1
				ondon Share Servi							126	Ni	17/10	Spm	2 ¹ 2pm	Grampian I	Hidas	3pm
											SUL STREET	ulers.		-			-	-

3553.86 2272.74 2927.34 2005.75 2186.39 1486.94

Net Div. Ges P/E div. oov. yild net

Change -0.0007 -0.0008 -0.0010 15,704 23 14 68,958 1,664 9,201 -0.0017 0.8055 -0.0018 0.8125 -0.0018 0.8192 Open. Satt price Change High Low 0,9083 0,9080 -0,0081 0,9070 0,9088 0,9170 0,9147 -0,0083 0,9179 0,9148 - 0,9284 -0,0088 IS STEPLING PUTURES (MM/) 282,500 per 2 Dec Mar Jun

- PUTS -

0.15 0.26 0.71 1.28 2.15

Wechesday Increase or October 2, 1998 decrease for week

+127,738,907 -113,223,249 -48,588,986

-35,074,338

-45,065,000 1,523,464,062 -1,509,037,708

-4,450,586 +14,874

-35,074,330

+54,450,586 -4,450,588

-4,342,931,152 -4,392,931,152

Tap' stack, \$\$ Tou-line to non-residents on application. E Auction banks and Dr. chiedend. Closing and-prices are about at pounds per \$100 nominal of stock. We calculated on a Friday to Friday basis.

Oct 4 Oct 3 Oct 2 Oct 1 Sep 30 High Low High Low

+50,000,000

Adem & Company Alted Trust Benk

AIS Burst
Of Jerry Anabasta
Burst of Serocia
Bares Bibao Vizo

5.75 6.75 5.75 5.75

0,11 0,60 1,45

14,553,000 1,048,950,813 1,841,568,761 3,501,553,008

8,207,903,582

1,211,048,405 3,539,804,710

1,455,302,851 7,609,927 136,989

8,207,903,582

20,872,390,073 7,609,927

20,030,000,000

12,960,013,230 8,529,988,770

20,860,000,000

Dec

0,37

0.65 1.04 1.57 2.20

PHILADIELPHIA SH 2/8 OPTIONS \$31,250 (certs per pound)

- CALLS --

Strike Price

1.540 1.550 1.560

BANK RETURN

Lightities Capital Public deposits

BANKING DEPARTMENT

Assets
Government securities
Advence and other accounts
Premise, equipment and other

Votes in Banking Department

Other Government securities Other Securities

STOCK INDICES

FISE 190 FISE 250 ex IT FISE 250 ex IT FISE 350 FISE Services

FTSE SANSTERD ex IT FTSE All-Share

IBSUE DEPARTMENT

Lisbilities Notes in circulation

Market State of the State of th SPAN DO SON

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Water St. A.

September 1

A September 1999

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Section Assessment

Oot 4	Over- night	7 days notice	One	Three	Stx	On
Interbunk Storling Storling CDs Transury Bills	6 ³ 6 - 5 ³ 6	5% - 5%	5% - 5% 5% - 5% 5% - 5%	5 13 - 513	6년 - 5년 5월 - 5일	6½ -
Bank Bills Local authority deps. Discount Market deps	5년 - 5년 5년 - 5월	5월 - 5월 5월 - 5월	報・発		51 - 54 8 - 54	64
UK electing bank ban	i lending is	MB 5% PB	r dent from	June 6, 1	986	
-		Up to 1	1-3	3-6 months	6-9 months	9-1: TEXAS

1.5650 1.5644 1.5638 1.5614

1.5845 1.5838 1.5831 1.5831

The FT Guide to World Currencie table can be found on the Market

TO 07/01/1997

INTEREST PAYABLE

PER USD 100,000.-

NOTE: USD 1,502.79

BY FLUI BANK

(LUXEMBOURG) S.A.

LOTHBURY

Lothbury Funding

NoJPLC

£344,000,000

Class Al Notes

Mortgage Backed Floating Rate Notes due 2031

Nation is largely gloon that there will be a principal repopulate of £6,940 per £100,000. Note pursuant to Clauses (5to) of the Notes on the stateset pursuant date 10th Course 1996. The principal tensions con-taining on 11th October 1996 will therefore to £39,496 per Note.

Chemical Banking

Corporation

(Mow Chane Manhett Corporation)

U.S. \$200,000,000

in accordance with the provisions of the Notes, notice is hereby given that for the interest period from October 7, 1995 to January 7, 1997 the Notes carry an interest rate of 5.75547% per ennum.

By: The Class Manhatan Bank

ubordinated Floating Rate **Motes Due 2000**

LK clusting bank base landing rate 5% per ount from June 6, 1996											
	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 TRANS						
Certs of Tax dep. (2100,000)	212	512	5	5	434						
Care of Tex dep. under \$190,000 in Ave, tendar zes of discount on Cot sip day Sep 30, 1996. Agreed care in 7,08pc. Reference tate for period A Physica House Bake Rate lipt from	4, 5.4919bc. or period Oct ug 31, 1986 h	BCGD thead 26, 1986 to	train 84g. E Nov 25, 18	bipon (Finan 196, Soheme	医罗克斯						

BANK OF E	HOLAI	ID TR	EASURY BILL T	ENDE	R
	Det 4	Sep 27		Det 4	Sep 27
Miss on other Total of applications Total allocated Miss, accepted hild Allocated at miss, level	£400m £2513m £400m £96.820 38%	£400m £272m £400m £96.610 15%	Top incomplet into Area to all discount Area per yield Offer at most backer billio, accept, bid 93 days	5,4919%	-

BASE LENDING RATES

Bersk of Berooks 5.75
Bersk of Cyclus 5.75
Bersk of Cyclus 5.75
Bersk of India 5.75
Bersk of India 5.75
Bersk of India 5.75
Bersk of India 5.75
Bersk of Middlenst 6.75
Bersk

Oyprits Propuler Bank, 5.75
Duncen Lewite 6.75
Exper Bank United 6.75
Financial & Can Tent 1.00
#Flooter Fleening & Do 5.75
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Oct 4 Oct 3 Oct 2 Oct 1 Sep 30 High Low High Low

128.57 128.55 128.57 128.80 128.60 127.55 1108.01 127.63 31.14
175.412 174.50 1745.75 1751.72 174.65 175.42 1504.01 127.63 31.14
175.412 174.50 1745.75 1751.72 174.65 175.42 1504.01 1754.82 900.65
1803.10 1813.74 1803.57 1768.94 1769.43 1808.10 1554.40 1808.10 900.65
1803.10 1813.74 1803.57 1768.94 1769.43 1808.10 1554.60 1808.10 900.65
1803.10 1803.74 1803.57 1768.94 1708.43 1808.10 1554.60 1808.10 900.65
1805.10 1805.10 1405.11 1405 1768.53 1808.10 1554.60 1838.50
1805.10 1802.15 1825.41 1851.34 1851.94 2530.73 1851.34 2530.73 22.56

NIPPON KINZOKU CO. KTD	
USD 100,000,000 GUARANTEED FRN DUE 1998	AMGOLD
INTEREST RATE: 5.88047%	Angle American Gold Investment Company Limited
INTEREST PERIOD: FROM 07/10/1996 TO 07/01/1997	Abridged interim results and

dividend	announcement
for the six months ende	ed 30 September 1996 (unaudited)

INCOME STATEMENT

(R million)	Six months ended 30.9.96	Six months ended 30.9.95	Year ended 31.3.96
Investment income	190	156	263
Interest and other income	19	30	54
Surplus on realisation of investments	47	107	212
	256	293	529
Administration expenses	(4)	(4)	(8)
Cost of prospecting	(17)	(11)	(26)
Grants - educational and welfare	(2)	(5)	(7)
Net Income before taxation	233	273	488
Taxation	4	9	16
Total net earnings	229	264	472
Earnings per share - cents			
Total net earnings	948	1 091	1 955
Headline earnings*	753	649	1 077
Dividends per share - cents			
Inte ri m	730	640	640
Final	-	-	450

*Excludes surplus on realisation of investments.

DIVIDEND:

Head Office

44 Main Street Johannesburg 2001

Dividend No. 97 (coupon no. 99) of 730 cents per share has been declared payable on Friday, 6 December 1996 to shareholders registered at the close of business on Friday, 1 November 1996. The register of members will be closed from Saturday, 2 November 1996 to Saturday, 9 November 1996. The full conditions relating to the dividend may be inspected at the Head Office and London Office of the company and at the offices of its transfer secretaries.

For and on behalf of the Board N F Oppenhelmer
J Ogilvie Thompson

Directors

GGC

London Office 19 Charterhouse Street London EC1N 6QP

Johannesburg

4 October 1996

											-								
UK GILTS	PRIC	CES	5																
1 :	Price S		Annii Con	Interest	Last City		Nation 1			And Do	Antomost Other	test Chy xd lim		Hales	Pica£	*	Acest Sm.	March das	Last C
Shorts' (Lives up to Five						Trape 8 1-pc 2005##		19731	1,8	8,900		BL) 494	juden-Uiched Afric 1981: .		1142	8.2	-	Mail 7 (102)7	18.4 17
Conversion 10pc 1996	100,3	-44		10/15 10/15	3,5 1240			100i j	2.1	9,000	Ju7 Du7	3451(0)	2/onc 81	(130.0)		65		MAY SIZE	18.9 13
Treas 134pc 1997##	يو102		1,290	M25 7425	11.7 1302 12.8 1253	Treat 7 4 pc 2008##.		102	21	3,900	125 3:6		2º200 '03	(76.0		1.0		My20 NH25	15 13
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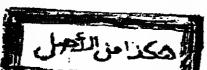
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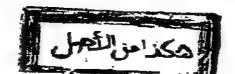
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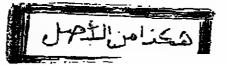
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WORLD STOCK MARKETS Highs & Lows shown on a 52 week basis 1,006 1,006 676,50 636 809,50 3.64m 8.75 3.07 2.40 3.96m 7.96m 7.96m 7.96m 7.96m 7.96m 8.49 8.49 8.49 8.49 Secretary

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on day

1-14 New York SE
+114 Arrest
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-114 Rises
+14 Inchanged
-114 Rises
-14 New Highs
-14 New Lows
lange High 1114A7 28/1 MINISTRACTOR ACTIVE STOCKS IN TRACENCY ACTIVITY NEW SECTIONS Stocks Close traded price 9,413,900 43% 7,628,300 29% 6,272,600 42% 6,264,700 39% 4,285,800 43% 4,270,600 50 ● Volume (million)
Oct 4 Oct 3 Oct 2
New York SE 487.257 387.534 441.927
Arage 21.900 18.755 19.614
NASDAO (u) 588.700 587 150 4690.22 6/2 Haw-Pack Micron Tech Motorola E Sess (1979) 512.48 2/T Prices Supplied by Tables Artien Ray AT &T Raytheon Lucent Coca Cota Taubtman Campbell 3,231 3,238 1,795 1,110 700 1,237 736 891 297 175 27 21 NOTES - Prices on this page afte as quated on the including exchanges and are mustly lost traded prices "Calvegor year high seet year # Deploys supported at Ex Christon at the storp lesse, or Ex nights, on Ex at 7 Priced in US S. 3,227 1,640 767 820 211 17 CROSS-BORDER Businet 100(25/10/90) Businet 100(25/5/90) HSBC JC Dryn(31/12/88) HG Brogs Burg(7/1/92) 633.82 640.78 635.99 674.10 20/5 1074.0 1086.0 1078.0 1142.00 20/5 1754.02 1749.01 1745.79 1754.02 4710 1497.20 1488.03 1455.65 1487.20 4710 99 383.39 387.41 388.39 3710 162.64 162.75 162.02 166.91 47 1504.40 11/1 1333.01 11/1 344.19 2/1 147.36 2/1 21148.03 21331.50 21498.90 22998.85 25/6 256.03 300.79 303.37 319.70 25/6 19734.70 133 28448 11/3 des 30001/10/82) Open Sett price Change High Low Est. vol.Open int. E MAY 500 Dec 697.55 707.20 +9.50 707.50 699.50 59.311 178,410
Mar 706.60 713.30 +9.35 713.70 706.45 385 4,231

Open Sett price Change High Low Est. vol.Open int.

High Low Est. vol. Open int.

4,090 10

23,272 1,954

Dec Mar

21250.0 21170.0 -140.0 21270.0 21100.0 22,226 198,011 21300.0 21210.0 -310.0 21300.0 21210.0 23 10,230 rest figures for previous day.

■ TOKYO - MOST ACTIVE STOCKS: Friday, October 4, 1996

5.3m 5,0m 4.4m 4.3m 3.9m

Sumitorno Selka Nippon Steel NEC NKK Toyola Motor

Closing Prices

798 343 1,240 286 2,760

Change

+7 +3 -30 +2 -50

Stocks Traded

3.2m 3.2m 2.7m 2.6m 2.4m

Mrsubishi Hvy Mryakoshi Fujitsu Canon Inc

Change on day -14 -30

890 820 1,050 2,230

OpenSett Price Change

1840,00 1680,00 +19.50 1686,00 1640,00 1668,00 1668,00 +30,00 1668,00 1668,00

DAX

2692.0 2721.5 422.5 2722.0 2699.0 20.333 79.672 Sep 3736.5 4425.0 +740.0 3737.0 3679.0 500 1.307 Open interest figures for previous day.

2692.0 2721.5 422.5 2722.0 2699.0 20.333 79.672 Sep 3741.0 3699.0 3.352 9.641

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2714.5 2739.5 +21.5 2740.0 2711.5 509 4.148 Oct 3741.0 3699.0 4627.9 - Corrector. Cat-stand at 1500 GMT. 9 Excluding bands. 2 inches and lowest of the highest and lowest or as septimed during a fine septiment of the previous day's highest and lowest or the highest and lowest or the standard of 2504.0 GMT. 9 Excluding bands. Sep 28.7 Talment Weighted Price (2) Kores Comp Sc (2) Break values of all circles and lowest or as septiment during the calculation of 2504.0 GMT. 9 Excluding bands. Sep 28.7 Talment Weighted Price (2) Kores Comp Sc (2) Break values of all circles and lowest or as septiment during the calculation. 4 DAX or 1.000, SEP 2664 - 2557.1 SE 26 Industrials - 264.3 NYSE AS Comman - 50 and Standard and Price's - 11. 55 Monthesis. 4 Company or Cat-stand at 1500 GMT. 9 Excluding bands. 2 Subject to official receivation.

Low Est. vol.Open int. **8 OPEX**2130.0 15,417 28,287 Sep 1846
2143.5 289 16,523 Oct 166

OpenSetz Price Change High Low E CAC-40 (200 x Index) 2 2136.0 2159.0 410.0 2163.0 2130.0 2147.0 2168.0 410.0 2170.0 2143.5

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44³/₃ 13¹/₄ 59C hall
48³/₄ 37¹/₄ 59C hall
48³/₄ 37¹/₄ 59C hall
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52³/₄ 39C deploy x
71³/₅ 39 General
38³/₂ 21 Geolog
38³/₄ 23³/₄ General
38³/₄ 23³/₄ General
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13-le 8-3 Roctor
17-le 4-2 Rencogar x
60-le 32 Regular
25-le 19 Re

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MONDAY

Kuwaitis go to polls

Kuwait holds its second parliamentary election since the 1991 Gulf war. The campaign for the 50 contested seats has unsettled the country. Only 107,000 Kuwaiti men out of a population of 700,000 are eligible to vote. Women protested at a rally in September at their lack of political rights.

Christopher visits Africa

Warren Christopher, the US secretary of state, visits sub-Saharan Africa for the first time although his plans depend on the Middle East. He will look at recruiting, training and funding a 10,000-strong African force to intervene in the continent's crisis spots. His tour covers Mali, Ethiopia, Tanzania, Angola and South Africa.

Americans check defence Defence ministers from North and

South America meet in San Carlos de Bariloche, Argentina, for the second annual gathering at which Caribbean and Latin American defence issues will be discussed. US defence secretary William Perry will attend. Among issues expected to dominate the gathering are the role of the armed forces in the fight against the drugs trade and money laundering (to Oct 9).

China endorses hard work



The Central Committee of China's Communist party meets in plenary session expected to last until mid-week. The meeting will endorse a

drive to improve Chinese society by emphasising plain living and hard work. The "build spiritual civilisation" campaign has been crafted by President Jiang Zemin who is bidding to become China's top leader once Deng Xiaoping passes from the scene.

Beijing meeting paves way

Chinese and UK securities market regulators meet in Beijing to sign a memorandum of understanding. It is expected the agreement will pave the way for the first listing of a Chinese company on the London Stock Exchange, probably by early next year.

Lebed visits Nato

General Alexander Lebed, secretary of Russia's security council, will visit Nato headquarters in Brussels for a "getting-to-know-you" session. After Mr Lebed's aggressive statements on Nato, the alliance is keen to stress its desire to work more closely with Russia. Mr Lebed meets the Western

Denmark on OSCE's role

In preparation for Denmark's spell as chairman of the Organisation for



Naomi who? John Galliano, tipped to take the top job at Christian Dior, will be the one grabbing the attention at this week's Paris fashion show

Security and Co-operation in Europe from January 1997, a high-level seminar takes place at the Louisiana Museum of Modern Art north of Copenhagen. Andrei Kosyrev, former Russian foreign minister. Karl Lamers, foreign affairs spokesman for Germany's CDU/CSU parliamentary group, ambassador Sam Brown, head of the US delegation to OSCE, and Denmark's minister for foreign affairs, Niels Helveg Petersen, will discuse the role of OSCE in European security.

FT Survey Business Travel

Public holidays

Australia (Canberra, NSW and South Australia), Barbados, Lesotho.

TUESDAY

Tories go to Bournemouth The Conservatives meet for their

annual conference in Bournemouth. The focus will be on Kenneth Clarke. the chancellor, after his recent comments that failure of the UK to join the European monetary union would be "pathetic". This year's conference will be marked by question and answe sessions with John Major, the prime minister, Stephen Dorrell, the health secretary, and John Gummer, the environment secretary.

Meeting on information

European Union Industry ministers meet in Luxembourg to discuss the "information society" - the EU's term for the development of information highways and convergence of phone

and computer communications.

ILO to revise ship rules



seafarers and government representatives from 50 countries mee at the International Labour Organisation in

Shipowners.

Geneva to revise international standards on safety and working conditions in shipping (to Oct 22).

Paris in a whirt

International designers will be unveiling their spring couture collections (to Oct 16). But the hottest news may well be off the catwalk if, as expected, Bernard Arnault, chairman of the LVMH luxury group, announces a new chief designer at Christian Dior. The fashion world's favourite contender is John Galliano, the British designer now at the helm of Givenchy, another LVMH subsidiary.

FT Surveys International Equities

Business Locations in Europe

Public holidays Cuba, Peru, Turks/Caicos Islands.

WEDNESDAY

ECONOMIC DIARY

Gore-Kemp in TV debate The US vice-presidential candidates

hold their only televised debate of the

Public holidays

Azerbaijan, Ecuador, Uganda,

Western Samoa.

campaign in St Petersburg, Florida,

Clinton-Dole encounter in Connecticut

Gore, the incumbent, and Jack Kemp,

the Republican challenger, both have

Dunblane honours its dead

town's primary school last March when

16 pupils and their teacher were shot

shooting, will present his report in the

Christie's holds its

of German and

Austrian art in

fourth annual auction

London. These sales

have often brought

next few weeks and say whether he

should be banned, as parents of the

believes the possession of handguns

record prices for artists from the two

Priodrich's painting of his wife

countries. Highlights are Caspar David

climbing the stairs, estimated at up to \$450,000 (\$702,000) and a flower

painting by Nolde estimated at up to

\$350,000 (\$546,000). The highest price,

about £600,000 (\$936,000), is anticipated

for 19th-century artist Arnold Bocklin's

A memorial service is being held in

Dunblane cathedral, Scotland, to

commemorate the massacre in the

dead. Lord Cullen, the judge who

conducted the inquiry into the

victims have demanded.

Salervom

their eyes on the election in 2000, as

well as on next month's.

and next week's battle in California. Al

sandwiched between yesterday's

THURSDAY

UN to discuss investment

The UN Conference on Trade and Development is hosting a global investment forum in Geneva on the impact of foreign direct investment on trade and development and the role of multilateral investment accords. The forum, chaired by Alex Erwin, South Africa's trade and industry minister, is deliberately timed ahead of the World Trade Organisation's ministerial neeting in Singapore in December.

Judge checks competency

An Indonesian judge presiding over Megawati Sukarnoputri's suit will decide whether his court is competent to try the case. Ms Megawati claims the government is supporting Mr Suryadi, the person who ousted her as leader of the opposition Democratic party. Her suit names the home affairs minister, the chief of the armed forces and the national police chief, among others.

Greece backs government

Greece's parliament gives the new socialist government a vote of confidence. The governing Pan-Hellenic Socialist Movement won a four-year term in last month's general election. Prime minister Costas Simitis has pledged economic reforms aimed at ensuring Greece's eventual participation in the single European currency. He is also committed to improving relations with Greece's Balkan neighbours and Turkey.

FT Surveys FT Exporter, Taiwan.

FRIDAY

Public holidays

Australia (Tasmania), Cuba, Japan, Kenya, Taiwan.

Nobel peace prize



Nobel prize week ends today with the of the winner of the peace prize. The prize for medicine was announced on

fonday, economics was on Tuesday with chemistry and physics on Wednesday. Favourites for the peace prize are US president Bill Clinton and his envoy to Bosnia, Richard Holbrooks, for their role in the Dayton peace accord. Others include Leyla Zana, the jailed Kurdish parliamentarian, Chinese dissident Wei Jingsheng, and Sergei Kovalyev, the

Lagos awaits verdict

A Lagos court rules on the detention without charge of three men in

connection with the murder in June of Kudirat Abiola, wife of detained presidential poll winner Moshood Abiola. The police defied a court order in July to release Abraham Adesanya. Ganiu Dawodu and Ayo Adebanjo (all elderly members of opposition group Nadeco) and pay them compensation The police have made no progress with the inquiry into Kudirat's murder, which opponents have accused the military government of carrying out

Public holidays

Belize, Costa Rica, Guatemala Macedonia, US (Oregon).

SATURDAY

New-style vote for NZ

New Zealanders go to the polls for the first time under the country's new proportional representation voting system – which replaces the traditional Westminster-style "first past the post" electoral method. With a significant number of voters unhappy at the way in which the country's aggressive. economic reform programme has cut into social welfare areas, the new system is likely to hand many more seats to minor parties. Senior political advisers confess they have little-firm idea what the vote will bring. It may be weeks before the new government's final complexion is known

Public holidays

SUNDAY

Argentina, Brazil, Chile, Costa Rica El Salvador, Equatorial Guinea, Salvator, Salvator Spain, Uruguay, (Melaka), Mexico, Spain, Uruguay,

Austrians vote for deputies

Austrians vote for deputies to the Ruropean Parliament for the first time When Austria joined the European Union in 1995, the 21 seats were filled in line with the distribution in the national parliament, where the coalition government of Social Democrats and conservatives holds a two-thirds majority. Pollsters forecast big gains for the far-right Freedom party of Mr Jörg Haider, who had opposed Austria's entry into the EU and is now benefiting from growing disillusionment. Voters in Vienna will. also be electing a new state and municipal assembly.

Motor racing

Britain's Damon Hill needs only one point to clinch the world motor racing title in today's Japanese grand prix at: Suzuka. But Hill tends to be haplest (or luckless) at times, and could be pipped by his Williams-Renault team-mate, Jacques Villeneuve of Canada, Even if Villeneuve wins today's race, Hill only needs a top-six finish to take the title. JIG ALT dispensed with Hill's services for next season.

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Market Comment

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Compiled by Caroline Fossey. Fax: (+44) (0)171 873 8194.

Other economic news

have changed in September Friday: US retail sale: growth is forecast to be stronger last month than is August. French consume price inflation is expected to remain broadly unchanged The annual rate of Spanis consumer price inflation is forecast to have fallen slightly last month.

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Monday: UK manufacturing output is expected to have	Day Released	Country	Economic Economic	Median Perecast	Prodous Actual	Day Released	Country	Reconants Spatietic	Modins Forecast	Previous Actual
increased in August, sug-	Mon	UK	Aug industrial production*	0.3%	0.5%		UK	Sep upi exci mortgage int pyrmis**	2.8%	2.8%
gesting rising consumer demand is feeding through	Oct 7	UK	Aug industrial production [∞]	0.8%	0.9%		UK · .	Sep rpi excl mort pyrants, ind tex'n**	2.3%	2.4%
into industry more strongly.		UK	Aug menutecturing output*	0.4%	0.5%		Сепесія	Sep.raw materiels price index (adv)*	0.5%	0.6%
Tuesday: Japanese wage price inflation is forecast to		UK	Aug menufacturing output*	-0.2%	0.3%		Canada	Aug motor vehicle sales*	1.0%	-2.9%
have slowed last month.		US.	Aug consumer credit	\$7.0bn	\$7.6bn	:	US	Sep monthly M1	-\$6.9bn	-\$9.0bm
Italy's trade surplus with EU countries is expected to have	Tues	Japan	Sep overall wholesale price index*	0.2%	-0.2%		US	Sep monthly M2	\$10.1bn	\$12.1ba
widened in July.	Oct 8	Japen	Sep overall wholesale price index**	0.1%	0.5%		US	Sep monthly M3	\$27.6bn	\$20,4bn
Wednesday: The minutes of September 4's meeting		Japan	Sep domestic wholesale price Index**		-0.7%	PH.	France	Sep consumer price index prefermary	0.8%	-0.3%
between the UK chancellor		Japan ·	Aug mach'ry orders ex elec pwr, ship	s**13.2%	22.0%	Oct 11	Canada 1	Sep employment*†*	8.2%	0.8%
and the Bank of England's governor are published.		Italy	Jul EU trade balance	1.3,500bn	L2,200bn		Canada	Sept unemployment rate:	2.4%	8.4%
Thursday: Kenneth		Haly	Aug trade belance excl EU	1.5,800bn	L6,500bn		US	Sep retail sales	0.3%	0.2%
Clarke, the UK chancellor, addresses the Conservative		Germany	Sep unemployment - west†	5.0k	. 26k		US.	Sep retail sales excluding automobiles	0.3%	0.2%
party conference. The latest		Germany	Sep unemployment - east†	-5.0k	12k		US	Sep producer price index	0.3%	0.3%
survey by the Confederation of British Industry is expec-		Germany	Sep unemployment - pan-Germany†	0.0k	14k	-	US	Sep bank credit	٠.	-1.096
ted to show the pick-up in	·	Germany	Jul employment - west†	-4.0k	-6k		US	Sep commercial and inclusive loans		2.4%
UK high street activity is		Germeny	Sep vacancles - west†		-6k :		Neth Inds	Sep consumer price index*	0.8%	-0.1%
continuing. The UK's head- line and underlying inflation		Germeny	Sep shorttime - west (not†)		-63k		Spain	Sep consumer price Index	0.3%	0.3%
rates are forecast not to		Јарал	Aug current account (IMF) (not†)	Y500bn	Y648bn	During t	he week.			
have changed in September. Friday: US retail sales	•	Japan	Aug trade balance (IMF) (not†)	<u> </u>	Y785bn		Germany	Sep finel cost of living - west"	÷ :	-0.1%
growth is forecast to be		Japan	Aug foreign bond investment .		Y188bn		Germany	Sep final coat of living - pen-Germany	C-0.1%	-0.1%
stronger last month than in August. French consumer	Wed	US	Aug wholessie trade		2.4%			dui tracia balanca	DM7.2bn	DM7.0bm
price inflation is expected to	Oct 9	Spain	Jul Industrial production**	-0.4%	-5.7%		Germany	Jul: current: account	-DM6.3bm	-DM2.1bn
remain broadly unchanged. The annual rate of Spanish	Thur	Aust'lia	Sep unemployment rate		-8.8%		Genneny	Aug capital account	14	DM2.2bn
consumer price inflation is	Oct 10	UK	Sep retail price Index*	0.4%	0.5%		Germeny	Aug net foreign securities purchases	Aller, a	D9/15,0bn

- ACROSS
 1 Soldier tucked into old crone's dish (6)
 4 Capital naturalist (6)
 8 Comprehensive cover (7)
 9 Girl, given Chinese food, wanting more (7)
 11 Unintentional change of key (10)
- 12 It helps to make shoes wear
- 14 Crossword addicts should
- be used to such a set-back
- 16 Resort to a lever for lift (8)
 18 Solicit for votes in the
- foyer (5)
 20 As a medal it's unbeatable
- 25 Suit the deed (6) 26 Plays for time in the open

market (6)

DOWN I Such a vocation accepts 2 Sharing out a bit of parsley, perhaps (7)
3 Medical bulletin might give

UK

Sep retail price index

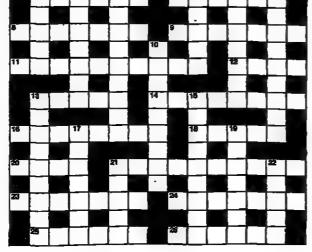
- one a bad reputation (3,6)
 5 It's hard hit when iron-workers strike (5)
 6 Point to a barrel-shaped
- well (4)

 13 Swift portrayal of a brutish lout (5)

 singer (7)

 7 Shift scenery as required (9) (9)
 10 Reserve accommodation (9)
 13 Allow eyes to wander between Korea and China (5.5)
 - 15 Pastry cooked in oven vault (3-2-4) 17 Beggar gets state hand-out
- (4) 21 She must step in line to 19 Great stroke of business? I
- succeed on stage (6,4)
 23 Tried writing to the editor
 (7)
 24 Reveals changes for divers

 am not impressed (3.4)
 21 Piece of sacred music choir's beginning to perform again (5) 22 Gathers in spare parts (5)



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2.1%

MONDAY PRIZE CROSSWORD No.9,192 Set by DANTE

A prize of a Pelikan New Classic 380 fountain pen for the first correct solution opened and five runner-up prizes of 235 Pelikan vouchers will be awarded. Solutions by Thursday October 17, marked Monday Crossword 2,122 on the envelope, to the Financial Times, 1 Southwark Bridge, London SEI 9HL. Solution on Monday October 21, Please allow 26 days for delivery of prizes.

Winners 9,180

Mrs A. Buchanan, Buroley, G. Carter, London BC2 R. Gray, Cambridge Mrs S.M. Skitteral, Torrevieta, Spain R. Walters, Garbsen, Germany
E.P. Wilson, Heaton Moor.
Cheshira

Solution 9,180

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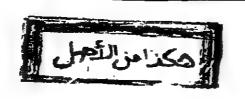
Sibling rivalry between Microsoft NT and UNIX is pretty friendly within the Hewlett-Packard family of business servers.

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the start of March and the

end of August were up by

lart services between

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Bratislava and Dubai next

month. And Central Asian

Airlines, which already flies

Abu Dhabi in the UAR, has

aunonited plans to open an

hetween Ashkhabad and

incindes the Belfast Waterfront Hall centre. whose main auditorium will seat up to 2,285 people when it opens in January. What to pack inquiries received between

nearly 26 per cent over the

same period last year, says

recently formed Northern

The bureau has just

produced an expanded.

International It also

Ireland Conference Burcau

brochure featuring facilities

offered by large hotel chains

such as Radisson and Hilton

Michael McCormick

manager of the

When should you take a mackintosh to Malawi or Loden coat to Lesotho? A new guide to the world's weather supplies the mswers. It rains a lot in Malawi between December and February; in Lesotho, June and July are

omewhat chilly. Colour-coded "comfert" charts help travellers decide whether or not to pack the thermal underwear (Weather to Travel, by Maria Harding, published by Tomorrow's Guides, 26.99):

Tourism threat Expect tight security in Catro this week as the fourth International Arab Travel Market is staged

there from October 8-11.

Specific threats against

tourism by Islamic fundamentalists guarantee a heavy police and army presence. The exhibition, which has the backing of Egypt's tourism ministry, takes place at the city's international conference centre.

Zambia warning Business travellers

planning trips to Zambia are warned of an imminent rise in the political temperature. The UK Foreign Office advises that tensions will probably increase in the run-up to elections, which are expected to take place in mid- or late November.

Likely weather in the leading business centres

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ew senior managers in today's multina-tionals share the same nationality. The consequence is that many business people now live in countries where they are not a passport holder. When they come to travel

on business, this makes their lives even more difficult in the Kafkaesque world of visa procurement - a world that is playued by obfuscation, delay, bloodymindedness and, sometimes, downright corruption.

With little incentive for visa-issuers to act efficiently, it can take weeks to obtain a visa for travel to some countries. Others have Byzantine rules and conditions.

Why, for instance, is the Russian embassy in London closed on Wednesdays? Why do Australians need a visa for France when New Zealanders do not? Why do Austrians vote for depapplicants for Japanese visas bave to collect them in person, an extremely time-wasting process if your office is nany miles away?

Often, prospective travelers only learn what is equired after their applicaion has been rejected. In ome instances, travel proessionals will tell you, a few ottles of the vice-consul's avourite single mait whisky orks wonders in expediting 1e process

in others, it is a question f filling in the paperwork ith absolute precision. One the most notoriously diffiilt countries to prise a visa om is Saudi Arabia. The impany that the applicant going to see must issue an

Amon Cohen on the Kafkaesque world of travel visa procurement Grounded by red-tape

authorised by the Saudi national trade board, says John Sharp, passport and visa co-ordinator for UK business travel agency Ayscough Travel.

"If any piece of paperwork is not done properly, they throw the whole application out and won't even look at it," he says. "If you do exactly what they ask you to do, it is not a problem.

Many embassies make changes, often very small ones, without notice. "Embassies are liable to move the goalposts without telling anyone," says John Birch, a partner in Benmar, a specialist visa procurement cerrice. Andrew Solum, London-

based travel manager for global satellite provider Inmarsat, can testify to that. He sent a completed application form to one embassy, only to have it returned because it was the wrong form. Along with the rejection came a copy of the form that he was supposed to have filled in. On close examination, it

became clear that the only difference between the two was that the rejected form was printed on pink paper whereas the correct one was printed on blue.

A guide to the awkward squad among the world's



VISA DEPT MORNING

It charges a procurement fee for all embassies of £15 plus VAT. The only exceptions are the US, Saudi Arabia, Ghana and Nigeria, for which Benmar charges 220. and Russia, for which it charges £35.

In a sense, this weighting is unfair on Russia, where the process is relatively straightforward but subject to delays, which means a

vided by Benmar's price list, be kept waiting all day. Solum, Sharp and Birch are unanimous about which country's visa department is the least helpful: the US. Companies wanting to send personnel there at short notice have had to delay or even cancel the trip because the paperwork could not be done in time.

Earlier this summer. Solum attempted to arrange a visa to the US for an Ausvitation and have it visa issuing nations is pro- Benmar representative can tralian employee who had

How to avoid aggravation

 Apply as far in advence Read the small print and double-check you have met

 Try to obtain an itation from a company in the country you are

Be extra careful If you are a citizen neither of the country you are visiting nor of the country from which

are coming Use the passport and vise department of your business travel agent or a specialist viea procurement

HOPPION Keep a case of Glenmorangie handy

been asked to speak at a conference as a last-minute replacement. Citizens of the UK and all European Union states other than Greece and Portugal do not need visas to visit the US, but most other nationals do. .

Solum contacted the US embassy in London, which offered the Australian a personal appointment a month later. The other option was to use inmarsat's travel agency. Along with visa spe-

cialists like Benmar, authorised travel agencies are permitted entrance to the embassy's consular section on Tuesdays and Fridays to make applications on behalf of clients. The visa is issued and returned on the follow-

ing Tuesday or Friday. Again, this would have secured the visa only after the Australian needed to travel, which meant the trip had to be cancelled. (Ironically. Australia was added to the US visa waiver scheme in August).

John Sharp, of Ayscough, had a similar experience recently. On August 31, a Friday, a client requested a visa for travel to the US the following Wednesday, Normaily, that would not have been a problem; the traveller could have been given his visa on the Tuesday. The only problem was that Monday September 2 was Labour Day in the US, and visas are not issued on the Tuesday following a US public holiday. As a result, the travel-

ler had to delay his journey. The other common complaint about the US visa service is the difficulty of speaking to a real person about specific problems. Instead, telephone callers are shunted around an automated telephone answering system. "Dialogue is virtugiven the impression that it is a privilege to use their visa unit," says Sharp. Solum finds the behaviour of the US government baffling.

We are creating business for the US, yet they are making it difficult for us to come in," he says. "They missed out on a £2,600 business class fare that would have gone to a US airline, plus three nights in a hotel. around \$80 in taxi fares and a dozen meals."

In response to these criticisms, John Burgess, press attaché at the US embassy in London, points out that of the 2m people who visited the US from the UK last year, visas were issued for only 68,010. Burgess acknowledges that issuing visas is particularly difficult for third party nationals.

"Their bona fides must be checked back in the country upon whose passports they are travelling," he says.

"This takes a certain period of time. Travellers are, of course, free to apply for US visas in their country of origin. By doing so, they shorten the loop of information that must flow.

"We do try to make the process of applying for visas as quick and easy as possible, but given that we deal with finite resources, total satisfaction is beyond our reach."

However, he does offer hope on one score - a suggestion from Solum that the US visa service introduces a fast-track, premium-priced system for business travellers. This, says Burgess, is ally impossible. You are under consideration.

No ban on in-flight smoking

he number flights on which smoking is forbidden continues to rise, but the prospect of a worldwide ban looks dim. A deadline for the introduction of such a clampdown. set by the inter-governmental International Civil Aviation Organisation, has

passed almost unnoticed. ICAO wanted smoking stopped on all international services from last July. The sticking points are summarised by the International Air Transport Association, which suggested a similar move to its 239 members.

Those facing above average demand for smoking seats said they wanted flexibility so as to satisfy it. Those with bans wented to preserve what they saw as a marketing edge. A meeting next month in Los Angeles will discuss a range of passenger service issues, but it is unlikely any attempt will be made to the break the stalemats.

Meanwhile, British Airways, which will bar smoking on another 350-plus daily flights to Africa, Europe, the Middle and Far East and North America in a trial next year, says even smokers remark favourably on cleaner cabins.

Roger Bray

THE WEEK AHEAD

DIVIDEND & INTEREST PAYMENTS

Mice 0.04p

Misys 6.69p

C\$512.50

P & P 1.25p

Reed Int 8.25p

Syltone 3.92p

Tomkins 7.250

Television Corp 1p

Takare 1p

Morris Ashby 5.050

Scottish National Tet 2p

bey IR3.40 nicable Smalle terprises Tat 1.6p

15p

Advertising Promotion IN 1998 \$2916.11 M Fin Gtd Dual Basis Bd 04 \$29915.28 ale 2.55p spak 6.8p Jme (TF & JH) 2.9p A N/Vtg 2.9p tish Assets Tat 1.13875p tish Bloodstock Agency wning-Ferris \$0.17

bey National 8.7p > 10%% Non-Cm Stig Pf

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2.25p nd Metropolitan 5.85p fer 26.1p nwort O'sees Inv Tst th interests 2.685p

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COMPANIES

JPANY MEETINGS:

tead, 30, Furnival Street,

k Arrow, 748, London

d, Hounslow, Middlesex,

imbus, 29, Gresham

ason Fry Utilities Tst,

Regent Street, S.W.,

at, E.C., 10:00

RD MEETINGS:

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. 11:30

TR Smaller Co's Inv Tst UK Rents (No 1) 9.1% Bd 2025 £91.0 Warnford Invs 5p Widney 1p Yorkshire Water 64% Snr Cv Bd 2008 £2.62 **TOMORROW** Avesco 2.5p Black Arrow 2.4p Capital Shopping Centres 3.75p Dean 0.2p Export-Import Bank of Japan 7%% Gtd bd 2002 C\$77.50 Leo 1 Class B Mtg Bckd FRN 2035 £2042.35 Leo 2 Class B Mtg Bokd FRN 2032 £195.44 Liberty 7.25p Macfarlane (Cianaman) 1.47p McKay Sec 3.4p Nat West Bank 9.6p Rank Org 5p Ryland 2.55p

Stadium 1p Tressury FRN 2001 21.5873 WSP 1.1p Osaka Gas 101/4% Nts 1996 WEDNESDAY OCTOSER 9 Avonmore Foods A IR1.9p Bank of Melbourne FRN 1997 \$14.88 Benfield & Ree Inv Tst 0.6p Bermuda int Bd Fd \$0.20 Cementone 0.4p Chieftain 1p Clondalkin IR2,396p Howard Hidgs 0.8p Irish Permanent FRN 1996 £153.65 Jersey Phoenix Tat 1.8p Kalon 1.7p Kobe Steel FRN 1996 Y20684.0 Liberty Life Assoc of Africa R1.40 Marling Inds 0.6p Mid-States 0.24p Nelson Hurst 2.85p Nightfreight 1.3p Nippon Credit Bank Gtd Fxd/FRN Oct 2004 \$3050.0 OKI Elec 71/4% Bd 1998 Y725000.0 Pifco 3.15p Do A Lim/Vtg 3.15p Ropner 3.5p Yorkshire-Tyne Tees

Television 6.8p

THURSDAY

OCTOBER 10

Ctydeport 1.5p

Ewart 0.75p Govett High Inc Inv Tat 1.12p Lloyds TSB 4.2p Lothbury Fdg Class A1 Mtg Bckd FRN 2031 2702.56 Do Class A2 21561.61 Do Class B £1762.70 Nationwide Residential Props 1p Newport Borough Council 8%% Ln 2019 £4.4375 Philip Morris \$1.20 # FRIDAY OCTOBER 11 Abbey National First Cap Sb Gtd FRN 2003 \$27.92 Aegis 0.25p \$30841,55 HSBC 15p

Cortworth 2.1p

Anglo American Ind R1.60 City Centre Restaurants Ciyde Petroleum 0.45p Courts 5.4p DKB Int Fxd/FRN Apr 2005 Dixon Motors 2p Islington 12,85% Rd 2007 £6.325 Jones Stroud 6.50 Shorco 2p Slough Estates 3.25p TLS 1.1p VDC 3.825p Visual Action 1.2p Williams 5.8p

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September 1

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MORROW PANY MEETINGS: tt American Smaller Tst, Shackleton House, ttle Bridge Lane, S.E.

ion & Associated

Howard Hidgs, Kingston Lodge Hotel, Kingston Hill, Kingston-Upon-Thames, Surrey, 10:30 Macro 4, The Brewery. Chiswell Street, E.C., 12:00 Pifco, Stanneylands Hotel, Stanneylands Road, Wirnslow, Cheshire, 9:30 Stoves, 20, Fenchurch Street, E.C., 12:00 BOARD MEETINGS:

Manchester United Merivale Moore Murray VCT Raine St Ives Sinclair (WM) Interims Capital & Regional Properties HTR Income & Growth Intermediate Capital Trafficmaster Walker Greenbank

WEDNESDAY OCTOBER 9 COMPANY MEETINGS: Finelist, Alveston Manor Hotel, Stratford-Upon-Avon, 12:00 Fortnum & Mason, 181. Piccadilly, W., 10:00 Primadona, Knightsbridge House, 197, Knightsbridge, S.W., 12:00 TR City of London Tst, 3, Finsbury Avenue, E.C., 3:30 BOARD MEETINGS:

Country Casual Silentnight **THURSDAY** SEPTEMBER 10 COMPANY MEETINGS: Polypipe, Grand St Lager Hotel, Bennetthorpe,

Interims:

Austin Reed

BOARD MEETINGS: Finals: China Inv & Dev Fd Cradley Group Mauders (John) Interims: David Brown Etam Ferguson Inti

Morgan Grenfeli Latin

JKX Oil & Gas

Doncaster, 11:00

America Toye Tudor United Inda FRIDAY OCTOBER 11

COMPANY MEETINGS: Bakyrchik Gold, Armourers' Hall, 81, Coleman Street, E.C., 10:00 Conrad Ritblat, SAS Portman Hotel, 22, Portman Square, W., 12:00 Crown Eyeglass, Glenfield Park, Biekewater Road, Blackburn, Lancs, 3:00

BOARD MEETINGS: Interims: Alpha Airports Weamum

Company meetings are annual general meetings unless otherwise stated. Please note: Reports and accounts are not normally available until approximately six weeks after the board meeting to approve the preliminary results.

Economic Value Added (EVA) is, in principle, very simple. It measures the difference between the return on capital and its cost, and thus outs a figure on how much value has been created by a company in the course of the year. In other words, it shows investors the return on their

The system can be applied not just to the whole corporation but to businesses within it. It can therefore be used to set targets for individual bonuses, which in extreme cases are extended down

to the shop floor.
One UK company which has embraced EVA is Burton, the retailer. Another is the engineer Lucas, which has just merged with Varity of the US, whose chairman Victor Rice is a particularly keen adherent.

According to John Grant, finance director of Lucas and now of the merged company Lucas Varity, Lucas had been looking at EVA independently before the takeover. Indeed, it had identified Varity as a successful exponent of the technique.

"The ultimate principle behind EVA," he says, "is that it drives continuous improvement, and rewards people for getting there quickly." He adds: "It really is about changing the culture. It aligns the objectives of managers and shareholders."

The principle of measuring added value in business has been around for at least 25 years, and there are a number of approaches now being peddled by management consultants. EVA, currently the most popular, was developed by the New York consultants Stern Stewart & Co.

First, take the calculation of return on capital. From an investor's view, it is argued, conventional accounting contains seri-ous distortions. This is because it looks at the business in terms of its liquidation value: that is, from the viewpoint of its lenders and trade creditors, rather than its ubarebolders.

For investors, the main concern is not the company's long-run liabilities, but the cash and cash-generating assets it has at

'It drives improvement and rewards people for getting there quickly'

its disposal.

Thus, EVA adds back to the conventional profit figure various deferred tax, goodwill amortisa-tion and bad debt provisions.

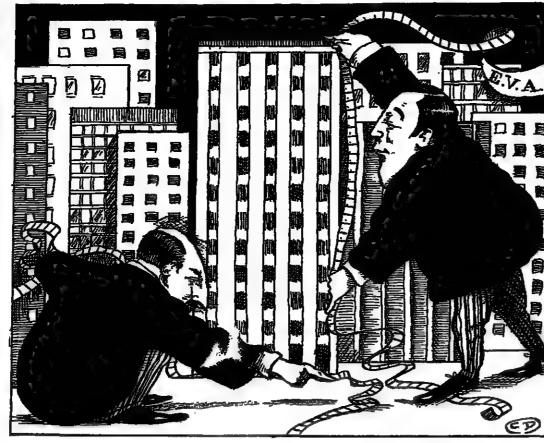
It also adds back R&D expenditure, which is taken to be not a cost but expenditure on an asset. This may or may not have a flattering effect.

While the adjustments tend to inflate the profit figure, they can inflate the balance sheet even more. The system also deals ruthlessly with restructuring charges

A new theory of corporate performance should not

be dismissed as a fad, writes Tony Jackson

How EVA measures up



and the various forms of acquisition accounting, since it deducts

cash charges from profits. When it comes to the cost of capital, the change from conventional accounting is more profound. The essential difference lies in calculating the cost of

For many companies of the old-fashioned sort, equity is still seen as a cheap form of capital. This is because they measure the cost of servicing it: that is, the dividend payment. From the shareholder's viewpoint, however, what matters is the opportunity cost of having money tied up in the business.

The cost to the shareholder can be measured in various ways. The underlying premise - based on the academic theory known as the capital asset pricing model ~ is that it consists of three parts. First is the yield on a riskless investment, such as government

equities as a class, measured by the performance of equities versus bonds in the past.

Third is the risk of the specific company, as measured by the beta, or volatility, of its share price. Adding up those components, the result will normally be in double figures: say. 11 to 12 per cent.

Then the cost of the company's debt is calculated, and the two

are combined on a weighted

The whole process is illustrated in the table (below), showing the EVA for the UK conglomerate Williams. Though Williams is in conventional terms a highly profitable company, its EVA works out as negative: It is destroying value for shareholders. It is not alone in this.

According to EVA analysis,

Calculating EVA

Assurantia	
Year to Dec 1998.	£m
Operating Profit	254
Demologica	(49)
Net interest	
Cash tex	166
Other	18
Califor Spring Spring 1997 (1997)	18
Net return	178
Equity	300 187
Denudelman	110
Comprise Presence	Sec. 201
Goodwill	4 944
Gross Debt 3	الادا الادا المنظمة (15 %
Control Direct Total Service Visiting	W. Sand
Capital Employed	2.2
	%
Return on Capital	w 3.7.0
Cost of Capital	9.6
Floor Flooring	2010 AM
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EVA*	(44)
	Em
	-745

other companies destroying value include such venerable names

as IBM and ICl. How do companies use EVA in practice? Lucas Varity, Grant says, starts by working out what kind of return shareholders implicitly expect on their investment, as reflected in The company then works out

what rate of improvement is needed over the next 10 years to meet those expectations. That is, having set a figure for EVA in year one, it fixes the rate at which EVA must rise in succeeding years.

It then uses that figure to set incentives for staff. According to Grant: "When we have agreed the group target we move to allocate it to our seven divisions, with a little for the corporate centre. We aim to push it down absolutely as far as we can."

In the first year of the plan, starting next February, the aim is to cover the whole managehas an incentive plan - around 2,000 people. But Grant points to Varity's Perkins engine subsidiary, where the system applies to the entire 4,000 workforce, down to the shop floor. Ideally, he says, this should be applied in time to the whole group.

The bonus system itself is target has been set for year one at £10m. If the manager meets it

exactly, he or she is paid a "nor-mative" bonus. If the result is £20m, the bonus is doubled.

But - an important qualification - not all the bonus is paid out in year one. Half is retained for payment the following year, and if the manager misses that year's target, a corresponding amount of the money is forfeited. This is a safeguard against managers massaging the first year's figures - say, by running down inventories - in ways which will

show up in year two.

The system applied by Burton is similar. Andrew Higginson, finance director, says it is being applied at the level of area store manager, or in the case of big department stores such as Debenhams, at the individual store

"It's the underlying philosophy which is the key thing. Three years ago we paid bonuses on sales. Then we moved to profit, Now we're looking for something which more accurately reflects the shareholder's position in a capital-intensive business."

One of the biggest changes, he says, has been to increase the value of the group's leasehold properties in line with freeholds: to impute the full cost to the manager running the store.

"In philosophical terms you're trying to get people to recognise the real value of capital. All companies assess the value of a project before they spend the money, but very few make people accountable afterwards. Here, you have to live with the consequences of your spending declsions, since you carry them forward as part of your capital."

The system sounds so appealing that it is tempting to look for flaws. Professor Paul Marsh of the London Business School favours EVA-type schemes in principle, but sounds a note of warning. "There are an awful lot of consultants selling those systems. Many of them are not well trained in finance, so they oversimplify, overstate and over-

in particular, he points to one of the most crucial elements, the cost of capital. "This is not a precise science. If academics are honest, the best they can claim is that they're within 3 percentage points either way. Some of the systems I've seen are preposterously silly in the ways they calculate cost of capital."

Second, he says, the use of EVA to measure the performance of company divisions - and thus divisional managers - has a central difficulty. "It starts from the basis of book value. But the whole EVA edifice is based on the market value of assets. And if you work on the basis of replacement costs, who's to say you would replace those particular assets?" In the end, as Professor Marsh observes, there is no substitute for thinking. "If EVA helps you think, fine. The problem is if it blocks your thinking, packages do that."

To be fair, there is no obvious difference between Professor Marah and EVA's more sophisticated followers.

As Higginson, Burton's finance director puts it, "EVA is not an alternative to profit. It just broadens it by taking account of the straightforward. Suppose an EVA cost of capital. It's very much a refinement of the way you do business today.



PARTNERS

Pret A Manger



36, and Sinclair Beecham, 38, pened their first Pret A. Manger in 1986. Four years

later, they opened a second shop. They now have 50 shops throughout the UK and an annual turnoper of £40m.

Julian: "Sinclair's the mathematician, I'm the artist. He likes to have all the plans completed before he does

I'm the sort who makes it up as I go along. If the company was run entirely by Sinclair, someone would suggest an idea and he'd say, well bring me the proposal and the projections and after a couple of hours they'd give up. As I own half, the company he'll let me start. any project - as long as it isn't

too much. I have a lackadatsical attitude to money and seem to spend four times what he does. Sincinir always flies economy, whereas I go club class.

It means my company balance sheet is negative by 2500,000. We have an . RITALIZEMENT Where one day he'll be able to say, 'I went this because you've had that.' I don't actually care. We have a 50/50 pertnership and we draw the same salary.

Sinclair lives within his mesos. I live on an overdraft but that suits us both. We could afford to pay ourselves tentimes as much but we'd rather reinvest it in the company,

We could have sold half of the business a year ago and wouldn't be as good.

We're in the fast food business but if you rush things you mess it up. It's important we keep the quality. When you're dealing with a commodity that costs £2, the

real battle is service. Anyone can set up a sandwich business with 25 yet Mr McDonald is the only person cracked it. We'd both rather not serve a customer at all, than serve them badly."

include. The idea from the start was to have New York start was to have New York service with French quality food. We'd both been to Paris and spendreshly prepared food that you couldn't buy for love nor money over here.

Although Indian can't actually make anything, he's always been the food man. He works with the chef, suggesting colour and flavours, until we executedly get a product we

eventually get a product we both want to eat.

It was Julian's idea to sell the salads in standard priced boxes rather than have it scooped from a huge mountain. I remember looking at the boses and saying, Do you think anyone will ever buy that?

It took us four years to define the concept which was below. by the fact that retail property was at a premium during that time. Julian was running around saying, 'They paid 300, grand, why don't we?' I kept doing the figures but could never work it out.

He'd get very frustrated an skulk off into the background yet most of those busine into huge financial difficultie

Julian is impulsive and impatient whereas my conservatism keeps us belanced. Sometimes i can't a where his ideas are heading Buying 200 secotors from

Italy seemed like a mad idea. because I estimated the cost st I kept quiet and it's now

special. The staff can buy the monthly for less than the price of their travel cards. lt's important not to kill It's mapor and not on and ideas in the making. We've made zillions of mistakes with a making and recognising mistakes is the way we've

Fiona Lafferty

CHO TO BALK

Garage and the ang

Part & Mag

Excuse me while I take a biobreak

e-mail safe? asks an anxious reader in Fortune magazine's brand new agony column. Is it private, or can your employers shoop?

The answer seems to be that employers can snoop as much as they like. Earlier this year two employees at Pillsbury got fired as a result of an exchange of mes-sages in which they called a superior a "back-stabbing bastard". They claimed that their e-mail conversation had been private but a US judge ruled that the company owned the system and could therefore browse to its

The thought is not pleasant. However, even without prying bosses, e-mail must be the most dangerous form of communication in existence. How delicious to dash off an indiscreet message

People say much more in

ear Annie, is my and press the send button. How easy to live to regret it.

> e-mail messages than they would ever say in person - when you can't see or hear the other person you feel free to say what you like. On my system not only is it easy to send the message to the wrong person, but the message flashes on the screen of the reciplent - and can be viewed by anyone prowling behind their desk at the time.
> "I love you" wrote a colleague

to a nubile trainee. She never got the message. But the editor's secretary, a respectable older woman, who happened to have the same surname and initial. was surprised at the declaration. Equally one of the FT's most renowned columnists was taken aback one day to receive a mes-

sage from a male colleague say-

ing "you're looking gorgeous". These lapses are embarrassing, but not lethal. However, I have done the unthinkable and written a message containing an unflattering portrait of a superior and sent it to him by mistake. Thank goodness I do not work for Pillsbury.

The lesson from all this is clear. Use office e-mail for uncontroversial messages only, and keep the tittle tattle, the lust and the sarcasm to yourself.

Lucy Kellaway And will we learn this lesson?

It doesn't look like it. A software company has developed a programme that makes it appear that you are working when you are really messing around sending messages. I gather it is becoming a smash hit.

> I have decided to write a managesay too much about it now for

perfect model for the modern

The plants are the people, each one capable of its own personal growth; but only when a sufficient number are growing together does the garden as a whole thrive. The garden is a flattish struc-

ture in which some plants are rarer than others, but all need to compete for light and space. The good garden is constantly being pruned weeded and dead wood taken out - in horticulture, rightsizing has always been a

It goes without saying that the foregoing is nonsense. But I am confident that it will sell and that will enable me to get on to the ment book about gardens. I can't guru's lecture circuit. My optimism is based on a volume pub-

fear of imitators, but the lished in the US called The Wis-thesis is that the garden is the dom of Wolves: Nature's Way to Organizational Success, by Twyman Towery.

On the strength of his knowledge of wolves Mr Towery charges \$4,500 per speech - a modest sum compared to what the big names like Tom Peters get away with.

It seems odd that at a time when companies are cutting (pruning, weeding) every conceivable cost that they are still prepared to pay large sums for what is, at best, light entertainment. Surely this is a trend that is ready to turn. I just hope my book comes out before it does.

"Education, education, and education" was how Tony Blair described the three priorities of a

Labour government at the confer-

ence last week. As my husband astutely pointed out as we sat watchis the speech on the Nine O' Clock News, this was actually just one priority. I hope Melanie Phillips who has just written a diatribe against the British educational system - wasn't watching For she would conclude that in these days of falling standards it is possible to go through Oxbridge shift the bar, and be poised to run the country and still not know that difference between one and three

A reader writes to warn me of a new euphemism being used in business circles. "Bathroom" as "John" are out. The with it chair. person now says at half time "Let's take a biobreak".

LEGAL NOTICES

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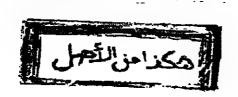


October **October** November November

Macedonia Slovakia Czech Republic Hungary

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ne picture, they say, is

worth a thousand words.

Eaculty members at Har-

vard Business School

red status.

near despair.

their own judgments. We don't

The video interviews have

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case study. In the past, when stu-rients were told to familiarise them-

... discussion in class the next day

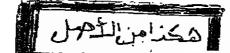
they would have sat down and read

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OCTOBER 14-15



BUSINESS EDUCATION



MONDAY OF TOMBE

RTNERS "When you see the violation of the winder pressure," emphasises David Upton, associate professor at Harvard and

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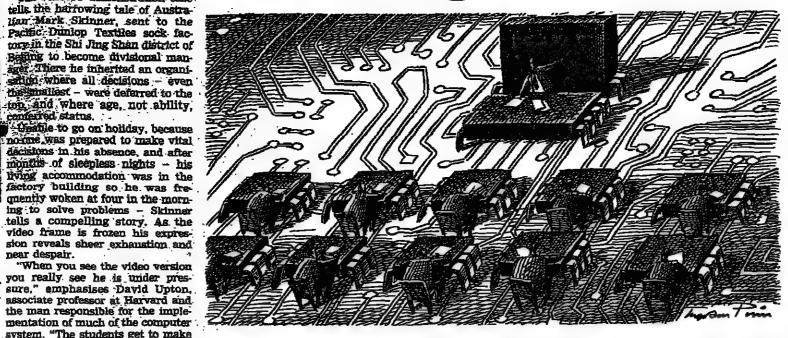
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LONDON

Video proves a powerful tool, says Della Bradshaw

Making the case



addition, video and other background information may have been added - maps, say, or corporate

The video case studies are now flowing in thick and fast, says Upton. In addition, every single course at Harvard is now delivered via computer and every student has to have a PC or Apple system

access the text via their own PC. In in order to join the master of business administration (MBA) course. "The electronic version is now the master ~ not the paper," adds

> The implementation of the HBS course platform also gives faculty information to enable them to better prepare their lectures. For example, a faculty member could ask all students to research a par

ticular case and then vote electronically on what the manager should do. When the academic walks into class the next day he or she is aware of what students think and can adjust the presentation to exploit this.

Impressive though the technology is, perhaps more impressive has been the speed with which the HBS platform has been brought

into operation. When Kim Clark took up his position as the new Harvard dean last October he gave the go-ahead for the ambitious The previous dean had issued a

moratorium on IT spending two years previously because a number of disparate and unintegrated systems had mushroomed around the school. With nothing but out-of-date systems, and a war chest provided by the years of accumulated savings, Clark gave the go-ahead to introduce the latest technology.

Last October Upton set up 25 parallel projects, each one relying on a small set of open protocols to prevent the school being locked into a specific software platform. The second principle, says Upton, was that each project should be short and deliver value quickly. The projects included videoconferencing, e-mail and networking. Today there are over 1,300 desktop machines around the school and in dormitories and the network is expanding rapidly. The project has cost \$10m (£6.4m) so far.

The aim of the project was three fold, says Upton. First, to help run the school - administration, housing and so on. Second, to deliver the educational material. And third as a training tool in its own right, to enable Harvard to deliver computer literate students. "We've got to give them exposure to the very best that technology can offer here. There are things here that are not even done in industry," he con-

For Clark there was a further aim. "This is a school which is focused on practice. What we are asking the faculty to do is bring the real world into the classroom."

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The course has been created to give top-tier professionals the skills needed to lead a team and, more important, to move into cricket management and coaching once their playing

days are over. The Test and County Cricket Board, which is responsible for cricket at both national and county level in England, has been instrumental in designing the programme. One player, coach or manager from each of the 18

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The programme is divided into two week-long modules, the first of which will be beld later this month. The ins and outs of the first module involve personal rial skills to 18 of Britain's management skills, while top cricketing professionals the second module deals with business issues - mar-

keting, sales. and business techniques. Two follow-up days complete the course.

The TCCB's decision to work with the Bradford Management Centre, in Yorkshire, has more to do with the school's training record

than the county's legendary love of the game, says Robert McClements, programme chairman. "The business school is famous internationally: it just happens to be in Yorkshire.

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Michael Thompson-Noel · Sport

Alomar affair makes virtue of blandness

tolerant, or squishy in the head. But I reckon that American baseball's Roberto Alomar, the Baltimore Orioles' All-Star second baseman, has been unjustly hounded for his misdemeanours in a game against the Toronto Blue Jays 10 days ago.

Told without subtlety, the aga shows Alomar in a dismal light. He spat in an umpire's face, Later, Alomar suggested that the umpire's personality had changed for the worse following the death of his son. This was bound to cause trouble. But once the media puffed itself up like a poisonous cane toad and expressed near-uniform condemnation of Alomar's behaviour, things got out of hand.

In part, the Alomar story is just a workaday example of the influence of political correctness. But it is also an example of the media's peculiar notion that professional sports stars are akin to gods", and should behave accordingly. (Sportswriters for the often use the god-word; it was used in some of the Alomar stories.) At a deeper level, what the media - especially television - would like to do is prettify, emasculate and sanitise sport; drain it of its juices; turn its practitio-

After spitting at umpire John Hirschbeck, Alomar sought to explain his action by saying, after the game: "I used to respect [Hirschbeck] a lot. He had a problem with his family when his son died. I know that's something real tough in life but after that he just changed. personality-wise. He just got real bitter."

Those words - more than the spitting - produced a a form of leukaemia that hurricane of protest, even though Alomar was described by Thomas Boswell of The Washington Post as "so pleasant, almost shy, by nature that it's easy to believe that he meant no harm".

Alomar was suspended by the American League for five games and is likely to serve his suspension at the start of next season. Alomar played against the Blue Java again the following day, hitting a 10th-inning home run that sent the Orioles into the American League playoffs for the first time in 18

The umpires were outraged. They wanted Alomar's suspension enforced at once, and threatened to strike. Negotiations and legal hearings followed. Three days after spitting

issued a belated written apology to Hirschbeck and his family for "any pain and embarrassment that my actions and comments may have caused". And he said he and the Orioles had offered \$50,000 apiece to John Hopkins University and the Kennedy Kreiger Institute for ALD research. Hirschbeck's eight-year-old son died three years ago from adrenoleukodystrophy,

Another son suffers from the Sportswriter George Vecsey of The New York Times said that to have spat at the umpire was "ugly" and "helnous", and that Alomar's remarks about the umpire's personality compounded the transgression. Boswell, in the Post, quoted an Orioles player as saying: "You don't have to be a parent to know what he said is way over the line. He's going to have to

afflicts mainly children.

live with the consequences". However, the media's case against Alomar rested largely on the claim that his words about the umpire had concerned the umpire's child perverse interpretation of what Alomar said or

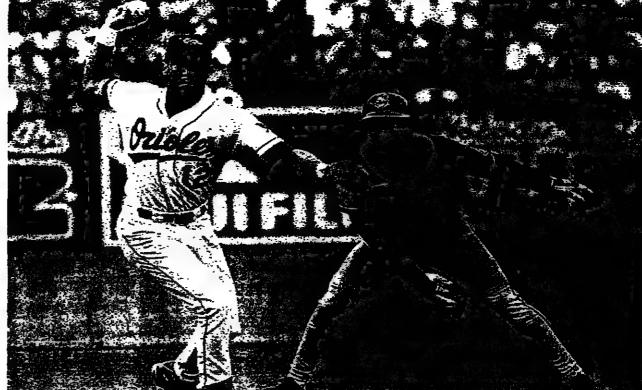
meant, or, certainly, said he "I will apologise to

ners into millionaire boy at the umpire, Alomar [Hirschbeck] like I hope he will apologise to me," Alomar later. "He is confusing the things that I said. I didn't say anything bad about his child. I just said that [Hirschbeck] had changed after [the child]

Unfortunately, sportswriters in the US and elsewhere - Britain especially - like to pretend that sport and sporting prowess are metaphors for human nobility and splendour, and that professional sports stars ought to be capable of exalted standards of public (and private) behaviour. The reason sports writers do this is in order to convince themselves that sport has a significance that transcends mere sport.

Network television, espe cially, wants sport to be inspirational and inoffensive so as to attract mass-market family viewers. If it could, it would take the spitting and the cursing, even the sweat, out of sport. As for cheating and corruption, both of which are fundamental and ineradicable features of pro-

fessional sport - please Top sportsfolk have to cope with extraordinary pressures. That is partly why they are paid so well. When they lose control and break the rules - like spitting in an umpire's face -



Focus of a bitter row with umpires: Roberto Alomar (left), the Baltimore Orioles' unfortunate second baseman

they are dealt with by those who hire their services. But to persecute them for not behaving like zombies is to risk turning sport into something entirely otiose.

Those who manage sports can always toughen or reemphasise the rules. Last week, for example, the head of the men's tennis tour warned players that they can face immediate default for abusive on-court behaviour. In an open letter to his players, tour chief executive Mark Miles urged them to

"We will not tolerate a player's verbal or physical abuse of an official, fellow player, member of the media or spectator," the letter said. (Why members of the media need such protection is purzling, but let it pass).

Miles atressed that the tour's code of conduct specified that verbal or physical abuse during a match could result in an immediate default, rather than a mere warning or point penalty. That was what happened in August when America's Andre Agassi was kicked out

of the RCA championship in could not resist waifling Indianapolis. Agassi was about sportsmen as role defaulted during his match models. "We believe," he cursing officials and slamming a ball into the

Miles also cited possible immediate default for physicion and off the court. We cal abuse directed towards a know there will be excepball-person or spectator, or violent action against an responsible for the conse "on-court fixture" such as a chair or television camera. So, in professional tennis even the chairs have statutory protection. Inevitably, however, Miles to godiness.

models. egainst Daniel Nestor for told his players, "that tennis players are among the best role models of any athletes in the world. We are proud of the example you have set tions, but players must be Quences resulting from then actions."

mar has discovered, in big time sport blandness is nec

hank God for devoted sisters. After the death of Robert Adam, the great 18th century architect, in 1792, his sisters preserved with loving care and enthusiasm all his extant drawings and watercolours. There were some 9,000 of them which the sisters arranged into 54 albums, Eventually, the architect and collector Sir John Soane was to buy them all for his architectural museum, securing the collection from Adam's niece in 1833 for £200,

ees had refused to buy them. This cache of material, which tells the story of the creative development of one of Britain's

after the British Museum trust-

Colin Amery • Architecture

The "Adam style" unmasked

day in the Sir John Soane Museum. For years a hidden treasure, it is one of the great secrets of London.

For the first time, a selection of these drawings is being put on public display at the Sir John Scane Museum in Lincoln's Inn Fields, London for the next few months. The exhibition will then go to the Frick Collection in New York and to the Armand Hammer Gallery in Los Angeles. It is impossible, of course, to show

like your home stereo.

9,000 drawings, so the curator, Professor Alan Tait, has selected some 60-odd drawings by Robert Adam and his bother William, with other material.

The "Adam style" is daily misinterpreted by estate agents and badly copied by furnishers and decorators. Almost every marble chimney piece is described as "Adam", and every pastel coloured room with some thin classical decoration is seen as a manifestation of the Adam style. This taken Adam on archaeological

little exhibition is much to be commended because, deftly and elegantly, it reveals the radical talent of this Scottish architect, who was to become a cosmopoliran influence.

Robert Adam spent two years in Rome from 1755. Ostensibly he went as a grand tourist, but in reality he went to learn to draw at the feet of the master of classical and landscape drawing, Clerisseau. Clerisseau would have

expeditions and provided enlight-ened itineraries for him designed to smooth the rough edges that remained from Adam's provincial and self-taught background.

Rome provided more than one master for Adam, and the influence of Piranesi's wilder visionary drawings was to release a sense of drama in some of Adam's later interiors. This exhibition intelligently makes the point that a sense of Arcadian harmony exists between nature made utilitarian buildings into ern interior.

and classical architecture and that is what both artists and architects gleaned from their lengthy excursions to Italy.

In Adam's country houses, two aspects of Italy are enshrined. One is the palatial scale of his highly decorated rooms, the other is his sense of the picturesque in the placing of ruins in a landscape. One remarkable drawing of a vast office court for the estate of Brampton Brywn

a rained Roman camp. Today we know Robert Adam from the litary of great home where he worked. Few were con pletely new buildings. They were elaborate conversions and pen dellings, all of which encor Adam's highly decorative style or interiors. The breakfast room at Kedleston is beautifully drawn with morning shadows falling across the richly decorated wal while the design for his lamin interiors at Northumberi House is one of the most im tive drawings in the show, If yo had thought that the said style" was subtle pastels fint again. The hot pink of this agon is more shocking than any mer-

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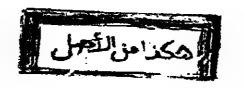
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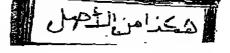
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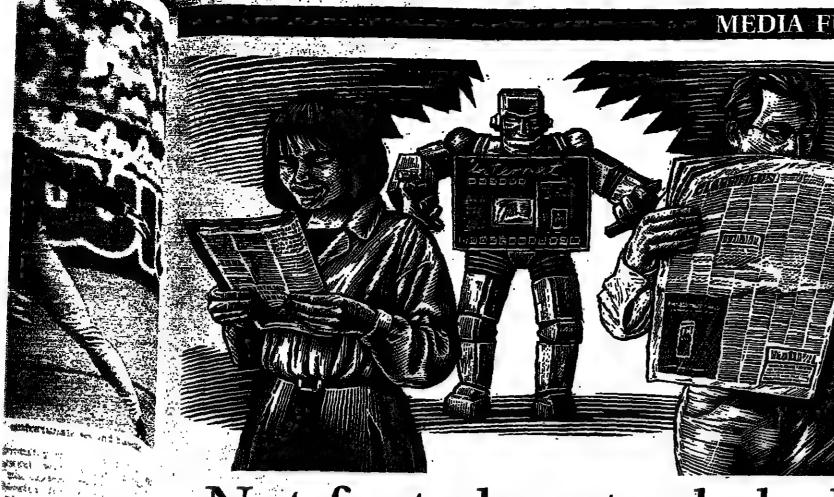
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Net facts burst ads bubble

Spending will be significant but not epochal, says Winston Fletcher

advertisements vere booted on to the Internet just two years ago. Since then, as any geek will brag, advertising in cyberspace has gone mega. The growth graph is as vertical as a triumphant space launch. But that is from a mil base. In reality. there is still not much ad space being bought on the

Recent figures show that \$45m (£28.5m) was spent on Internet advertising worldbuoyant quarter for Net advertising yet. Given the rate of growth, such advertising will doubtless total well over \$200m for 1996 as a whole, climbing - perhaps in to \$400m in 1997.

That is not bad, but it is light years away even from gurus' conservative predictions of \$2bn annually by 2000. Some technofreaks are even forecasting \$5hn.\$6hn vide 63 per cent of the virtu-per year for Net advertising ally feel cake, are all — as even forecasting \$5bn-\$6bn it has taken US cable TV Web and computer-related operators 18 years to

spective, in the UK alone approximately \$450m (nearly £300m) is at present spent on Net's advertising revenue radio advertising per year and that is just 2.7 per cent of annual total UK advertising expenditure.

In the US, where most of the Internet money is spent, comparable adspends are about eight times greater than Britain's.

in the quarter to June 1996, some 800 companies worldwide used Net advertising. About 7,000 brands .-Appear on UK television each year, and - again - the comparable US figure must be at least eight times as

So the Net still has a way to go before its blood-curdling threats to decimate traditional advertising media need be taken too seriously.

That is because, despite all the hype, the Internet has not made much headway with traditional big spenders. Many are experimenting, none are yet convinced. Take cars. Cars have long been thought ideal for the and 30m World Wide Web advertising superhighway, as prospective purchasers

going anywhere near a growing 11 per cent.
showroom or - better still - BT claims that 300,000 a car salesman.

All the important US, Japanese and German car companies now have trial sites. You can examine the models and colours and peer around inside the vehicles. Before long it will even be

possible for couch potatoes to simulate the total driving xperience, though it is difficult to see how this will be any closer to reality than the hair-raising drives aiready wide in the three months to available in amusement June this year, the most arcades - or even as close. Yet despite their manifest suitability, cars at present account for only 3.3 per cent of the Net's modest ad reve-

Financial services, another ector for which the Net is often touted as the answer to · a futuristic marketing man's prayers, contribute just 2 per cent of the cyberspend. The big spenders, who pro-

by 2000 - a level of revenue you might have guessed -To put these figures in per- as you might have guessed) very much in the van. About 60 per cent of the

goes to the site owners, and 40 per cent to the site creators and builders. The big sellers of Web space are the search engines, Yahoo (230 advertiser clients), Lycos (160) and Infoseak (140). And all but two of the Top 10 are independents, the two exceptions being ZD Net (part of Ziff-Davis) and Pathfinder

(Time Warner). The presence in the marketplace of such big operators, small though their operations are, spotlights the belief of many pundits that the cybernetic indeed bandwagon is starting to roll. But are they

Nowadays, hardly a minute goes by without some cyberseer sticking a finger in the air and pronouncing yet another new record-busting number of Net browsers.

The best current estimate, from Microsoft, is that there are 48m Net-users globally users. Of these, very nearly 75 per cent are in North are able to question their America, with Europe

Britons regularly surf the

Net, and predicts the figure will reach 4m by 2000, which ems more than a mite optimistic to me. Even 4m users, however,

would equate to only 8 per cent of the UK teenage and adult population: a useful market, but nowhere near the saturation coverage provided by television, the press, magazines, direct mail and posters.

brands, are the Net's advertising costs cheap at present. Though rates are, as the phrase goes, highly flexible, costs-per-1,000 Net viewers reached are significantly higher than those offered by the traditional media. And reaching target audi-

ences cheaply is what advertising is all about, even though cyberbuffs often em to forget it.

or the great majority of products and brands, then, the Net will, long into support medium at best. Nonetheless, 4m potential users in the UK alone cannot be ignored.

And, as is already proving to be the case for computerbased products and services (a vast and relentlessly growing market). Net advertising will increasingly be invaluable.

It will be particularly effective where customers seek an on-going online relationship with suppliers, and for international companies with international brands to promote.

It is worth remembering, however, that English is the Web's lingua franca. Not many non-English speakers (that is, most of the world) are likely to find surfing much fun for many decades to come - if ever.

The Net could also carve

out other lucrative niches by exploiting its strengths more effectively. Microsoft and many others are fond of pointing out that the Net allows viewers to select the advertising they wish to see. As Bill Gates puts it: "Consumers will invite Web advertising into their lives". Well, yes. But it is exactly change and evolve con-

he first commercial screens ad nauseam without accounting for a rapidly because consumers do not stantly if they are not to be particularly want to invite struck off browsers' bookmost advertising into their marks. Fortunately, there lives that advertisers pay are now some specialist site designers around who know extra for special print-media positions and prominent their digital onions. Not that creativity is poster sites.

This has nothing to do wholly unimportant. In with whether or not consumadvertising, of whatever kind, it never is. Microsoft ers happen to like the ads. It is because the function of recently tested, on two sucmost advertising is to grab cessive weeks, two alternapeople's attention, and intertive creative executions for est them in products they the same product. One ad were not necessarily interattracted 50 per cent more ested in beforehand. visitors than the other, and That is why many other the most visited execution Nor, for mass market large and successful commugenerated double the level of nications media carry little further investigations.

or no advertising - video-

tapes, sound records and

discs, books, the telephone

and fax machines, to men-

They do not provide the

inherent qualities needed by

advertisers. Nor does the

Net. So it will never be a

significant advertising

medium for the great major-

amount of advertising that people do search for, of their

own volition. And that is the

For example: recruitment

advertising, especially for

scientists; property advertis-

ing; much holiday advertis-

ing, especially late bookings;

certain types of home shop-

ping catalogue advertising;

hobbyist advertising; some

types of direct response advertising; classified ads of

This will not, by the stan-

dards of the world's hot cre-

ative ad agencies, be glamor-

ously fashionable stuff. But

it will be good, profitable

business. There'll be gold in

Anyway, traditional adver-

tising agencies are not the

best people to approach if

you are interested in devel-

oping a Web site. Click

through the advertising cur-

rently in place and you will

easily spot the somewhat

amateurish efforts developed

by agencies, usually with

cialised as exhibition stand

design: not something ad

agencies do well, no matter

how creative they may

And Web sites need to

Web advertising is as spe-

them thar sites.

outside IT advice.

the Net will be perfect.

ity of consumer goods and

However, there is a fair

tion but a few.

services.

all kinds.

be said, would be likely to scoop awards for outstanding creativity. But it proves that when it comes to advertising, even in cyberspace the message is at least as important as the medium. Wrong again, Marshall McLuhan.

Neither execution, it must

Winston Fletcher is chairman of the UK advertising agency Delaneu Fletcher Bozell

Tim Jackson

Eyes on Amazon



ideas that are good are not new. and those that are new are not good. But last week I discovered one in a Seattle company called Amazon.com, which sells books over the Internet. Before revealing this good

new marketing idea, it might be worth explaining something about its inventor, since Amazon.com is one of the few genuinely useful shopping services on the World Wide Web. The company runs a Web site, accessible from any PC

with a browser, that contains a catalogue of twothirds of the 1.5m English books in print. Finding a title using a search engine, customers can check its availability online, and then order it immediately with a credit card. Shipping prices start at \$3

plus 95 cents per book, with higher charges for international and overnight service. But the company discounts 360,000 titles, so most US customers will find that delivery is effectively These elements, together with a stock list six times larger than any physical bookseller in the world, make Amazon.com the autickest and most convenient way to buy books I have encountered.

ents: sending a book to someone, buyers can choose from three different wrapping papers and type a mesage. Such a service is not easy to deliver. The key is that Amazon.com has live electronic links to a dozen wholesalers, Apart from 500. bestsellers, the company teeps zero inventories. When a customer orders a

It is also good for pres-

ook. Amazon.com orders it from the wholesaler, and when the book arrives in its Seattle warehouse it is barcoded and sent by the company's computer to a bin customers to choose a topic vhere the customer's order

all the books in an order a new title comes out. tions to the have arrived, usually the marketing same day, a manifest is delivers a regular list of catrule that printed and the books are packed for shipping by UPS.

Amazon.com has 106

employees. Its founder. Jeff Bezos, 31, is a former investment banker who worked at DE Shaw, the technologysavvy Wall Street firm. Bezos moved to Seattle to start Amazon.com because that was a good place to find the super-talented computer programmers essential to the operation. Earlier this summer, the company took \$8m (£5m) from Kleiner Perkins Caufield and Byers, the leading venture capitalist in Silicon Valley. That sum was twice KPCB's next largest investment. Netscape.

Bezos says his company is now in an explosive growth stage, doubling in size every 2.4 months. But it cannot continue like this for long. If it did, Amazon.com's sales would exceed US GDP in two years. Until recently, its site was

about as alluring as a copy of Books in Print. astounds me how many books we sell," says Bezos, "given that we don't offer people enough information to make purchasing decisions." The first step to remedying this has been to add blurbs, delivered electronically by publishers, to 170,000 of the listings. The company also invites customers to write reviews. which are then linked by hypertext to the books. And it links book listings to "interviews" with authors, which the authors themselves write by filling out a form on a Web page. In future. Amazon.com will make these truly interactive, so that readers can ask

without having to attend a But the company is doing more radical things. It has a free notification service called Eyes which allows or an author and receive

their favourite authors

questions over the Web

There are not is being assembled. When notification by e-mail when

Another service, Editors. egory favourites chosen by Amazon.com's own staff. To allay fears that the system will narrow horizons rather than broaden them, the sys tem will soon incorporate a "serendipity quotient" allowing customers to receive an occasional suggestion further from their interests. They will even be able to see a list of books that Amazon.com's computer expects them to hate.

Next, the company is planning to put customers in touch with each other. Bezos admits that in a physical bookshop, he rarely has the nerve to look over a fellow browser's shoulder and recommend a book.
"Online, Fd do it in a heartbeat." So the company will allow buyers to become "visible" if they choose, and to chat online with others browsing electronically in the same subject areas.

And the new marketing idea? It's called Associates. By filling in a form on the Amazon Web site, owners of other sites can sign up for a scheme that pays them commissions for referring their own users to the online bookstore. Users will see a page of recommended books on their favourite Web site. Clicking on a title will jump them straight to Amazon.com's order form for that book. If they buy it, the referring Web site gets 8 per cent of the gross.

Bezos calls this a "microfranchising opportunity". and points out that 8 per cent is a great margin for a Web site owner which holds no inventory, uses no labour and requires no marketing. I see it more as a new kind of network marketing, in which Amazon.com has the potential to sign up millions of owners of special-interest Web sites in a vast electronic sales force, one that requires no training, no administration and no management time to motivate.

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agrand internal Description All of these can be accessed via hyperlink directly from the Financial Times at http://www.FT.com

The following companies want you to know that you can find out more about them by simply looking them up on the World Wide Web.

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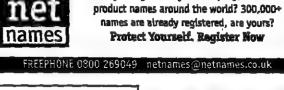
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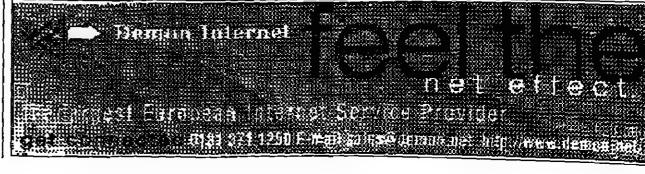
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A giant leap for CD-Rom

The customer base is set to expand, writes Alice Rawsthorn

CD-Rom drive will be able to are still loss-making. discover Borg, the alien culfor release at the same time. The adventures of the Storship Enterprise have fea-

tured in several best-selling CD-Roms, including Star Trek: The Next Generation Interactive Technical Manual, which has sold more than 300,000 copies. Simon & Schuster, the

book publishing subsidiary of Viacom, the US entertainment group that also owns Paramount, the Hollywood studio behind the Star Trek sailms, hopes its new Borg CD-Rom will be equally successfui.

CD-Rom, such as the Star Trek series, there are dozens of flops, often expensive ones. A study of the publishing industry by Euromonitor, a research consultancy,

hen Star Trek concludes that a combina-Borg hits the tion of poor marketing and stores next escalating production costs month, any means that, with few exceptrekkie with access to a tions, CD-Rom publishers However, CD-Rom sales,

ture featured in Star Trek: which have shown strong First Contact, the film due growth worldwide during the mid-1990s, according to Euromonitor, are set to rise rapidly. Euromonitor estimates the

world retail value of all electronic publishing products, including audio books and online publications as well as CD-Roms, at SSbn (£1.9bn) in the year to mid-1996. That compares to a retail value of \$80bn for the global book market last

The \$3bn tally for CD-

Roms in the 12 months to rather than CD-Roms, where mid-1996 is 32 per cent margins can be as low as 20 higher than for the previous Yet for every successful year. Euromonitor predicts stronger growth during the next 12 months, with the retail value of the electronic publishing market rising by 44 per cent to \$4,33bn.

1995 was a critical year for the CD-Rom market (by far the largest part of the electronic publishing sector, with annual sales of over Slbn in the US alone), as it marked the first time the majority of newly purchased personal computers were fitted with CD-Rom drives.

So far CD-Rom sales have been hampered by a relatively small customer base. due to the dearth of drives. and by booksellers' reluctance to promote them. Computer retailers discount CD-Roms so aggressively that profit margins are low. Booksellers have preferred to promote traditional books, with typical profit margins of 40 per cent.

CD-Rom production costs have soared. Voyager, a US multimedia company. spends \$150,000 on making a typical CD-Rom, according to Euromonitor. The Ran- Britton St. London ECIM Chief catalyst for this dom House publishing 5NA. 23,950.

per cent.

projected increase is that group reckons it would cost \$800,000 to make a CD-Rom version of The Good Opera Guide As a result, the CD-Rom

market is dominated by sub-

sidiaries of large media and entertainment groups, such as Viacom's Simon & Schuster and Random House, part of the Newhouse family's interests. Yet some of the most successful CD-Rom publishers are comparatively small specialist concerns, notably the UK's Dorling Kindersley, one of the few CD-Rom publishers that makes money. CD-Rom production is

dominated by the US, with 65 per cent of retail sales, according to Euromonitor, followed by Germany's 10 per cent, the UK at 8 per cent, 7 per cent for France, and Taiwan's 5 per cent. But China is expected to emerge as an important market.

Publishing At The Crossroads. Euromonitor, 60-61



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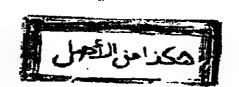
One way in which this expertise will grow is at the NCR Financial Services Knowledge Lab in London. It's a dedicated research facility where, along with our customers and other commercial and academic partners, we will constantly develop new insights into the hearts and minds of financial service consumers.

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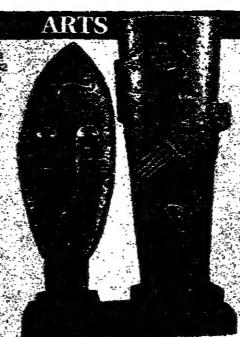
group of monumental diptychs Beckmann made between 1932 and 1950. The show opens on

Film star Sigourney Weaver is trying her tuck on Brosk with Christopher Durang's new comedy Sex and Longing. The play opens at the Cort Theater on Thursday.

Meredith Monk's new into disciplinary orationo, The Politics of Quiet comes to? the Brooklyn Academy of ... Music for four performances

LAS VEGAS

Las Vegas, at the Alecidin Hotel. Well, there's a first



LONDON

The Tate Gallery cele brates the Grand Tour the journey made by 18th century gentle men in search of antique and modern culture. The exhibition, which opens on Thursday, focuses on Italy, and includes paintings by Claude Lorrain. Canaletto, Piranesi. loshua Reynolds and

On Wednesday, a retrespective of the Swiss sculptor and painter Alberto Giacometti (left) comes to the Royal Acedemy of Arts. Sam Shepend's Fool for Love, directed by lan Brown, opens at



the Donmar Warehouse on

At the Palais Gamier, the Paris Opera Ballet presents a fascinating quadruple bill, stunningly cast on Wednesday. Performances continue over 10 days.

BIRMINGHAM The Romanian Silviu Purcarete's much-lauded. French staging of Aeschylus's The Suppliant Women - here named Les Denaides (left) comes to Britain this week, for two nights in Birmingham (the National Indoor Arena, Tuesday and Wednesday) and Glasgow (the Old Fruitmarket, Friday and Saturday).

THE HAGUE

After four years of restoration, the Mesdag Museum is opening its doors again to the public on Sunday. Hendrik Willem Mesdag (1831-1915) was a marine artist with an enviable collection of paintings, drawings, tapestries, ceramics; and fumiture,

The art of identity

Jackie Wullschlager reviews contemporary Jewish women's painting, 'Rubies and Rebels', at the Barbican gallery

screamed the hoardings from every newsagent in Hampstead as I made my way to a preview of Rubies and Rebels, the Barbican's excellent new exhibition of Jewish women artists. The show, subtitled "Jewish female identity in contemporary art", sounded secular, intellectual, radical - the sort of place where the feminist would be more at home than the rabbl.

So I was shocked to walk in and feel at once disorientated by a crowd of vibrant but utterly allen, archaic images. Nine-branched candiesticks, ceremonial goblets and prayer shawls; family portraits of characters like Selim" and "Uncle Moshe" with their strained formality and exotic satin clothes; Hebrew calligraphy and depictions of Ever what have these to do with the here

This is a fascinating show because its resonances go way beyond its precise subject. We are living through in epidemic of the politics of identity, from the tragedy of the Balkans to the farce of vomen's studies' days on campus or Islington men's consciousness-raising groups, but this is not another bid for separateness. For history has made the

'Heads': an Arab headdress with a Jewish prayer shawl, by Lynn Leon at the Barbican

Jewish case exceptional. As Griselda Pollock says in the catalogue, "modernity, in both its emancipatory and genocidal guises, has made being Jewish almost a paradigm of the modern condi-

Rootlessness and being forever on the move; ambiguities about the power of family life; how to accommodate the history of genocide this century; hopes for peace today: the themes of Rubies and Rebels are major current issues for Jews and non-Jews alike. To engage with them in a show so culturally distinct and emotionally high-pitched, is to focus on them from a new aspect - a

nically radical but almost every work is solidly crafted, finely painted. Some is aggressively political -Jenny Polak's wooden sculp-"Repatriate (England Still)" invites the viewer to relive the immigrant experience by walking up a makeshift jetty which incorporates a lightbox image of a drowning mother and the statistic that at no time has

exceeded emigration. Most, though, is intimate, restrained, steeped in family recollection - as close to the traditional Jewish idea of a pure woman being like a precious ruby as to rebellion. Yet cumulatively these indi-

immigration to Britain

personal is always political, defined by the historical moment

Star of the show is a series of exquisitely constructed narrative oil paintings by Barbara Loftus called "A Confiscation of Porcelain", based on her mother's memories of a day in November 1938 when the Nazis appropriated the family Meissen and Dresden china. In "The Bridge Party", grandmother presides in bourgeois comfort; in "Hildegard Dancing" and "Mother at the Door", a young girl - Loftus's mother - is poised, looking in, on the edge of a grown-up world. The delicate paint surfaces and quietly enigmatic actions have an understated quality, a stillness, in which we seem to hear the women catch their breath in horror; a few paintings on, the porcelain is wrapped and

gain and again, it is handed-on placement which give this show its lush, foreign feel. There are the hot palettes and restless brushstrokes of Anne Sassoon's portraits of her father's family, with their fezzes and Persian carpets. in Iraq in 1918. Gillian Singer's monumental panelled oy of art.

vidual visions of domestic pulped-paper and plaster flame-baired younger sister cent cowers against a The two covered heads At the Barbican Central There is little that is tech-life make us realise that the relief is composed of old pho- as emblem of innocence, looking glass shielded by a just incline together, in a ref. October 8 November 10.



The stillness before the storm: "The Bridge Party' by Barbara Loftus

tographs of relatives, tombs, buried relics. Hebrew symbols. Sarah Raphael's bold charcoal drawing "The Emigration Game" is based on a story about a game played by a pre-war Jewish family waiting to leave Prague pick a sweet and guess from its flavour where your destination might be.

Jessica Wilke's huge canvas "Carousel", with her father falling off, herself as sexy naked rebel and her

makes conscious reference shawl - a reference to the to a classic image of outsider angst in Jewish art - Mark Gertler's 1916 "Merry Go Round". The divided self insider/outsider, Orthodox woman/independent artist ~ is well conveyed in the jittery surfaces of Judy Bermant's self-portraits such as Browned-off Self" and "Fragmented Self", and in Julie Held's poignant "Myself Remembered". where the artist as adoles-

Jewish tradition of covering mirrors during periods of Starkest double portrait -

and standing out against the rich nostalgie colours all around - is "Heads", Lynn Leon's pen and ink drawing of an Arab wearing the traditional keffiyeh headdress and a Jew wrapped in the tallith, the prayer shawl worn at the syna-

erence to Magritte's painting "Lovers". Exhibited recently in Haifa, "Heads" caused a furore among right-wing extremists who condemned it as blasphemous. Yet it is more than a political statement or even a plea for com-munication - it has something of Magritte's unsettling quality, the idea that identities can never be fixed, which goes to the heart of this show.

The two covered heads At the Barbican Centre,

his is how it should always be - bare boards, bare feet and bare souls. It is

Scottish Opera's new production of Idomeneo that it should be convincing on such awesomely simple Making a virtue of the company's straitened cir-

cumstances, and of the homeliness of Glasgow's Theatre Royal (where Idomeneo received its British premiere in 1934), the Scotr h director-designer David McVicar strips the opera to its essentials - underlining not just its high seriousness but also its intimacy and musical truthfulness. Despite his limited experi-

ence in opera, McVicar shows absolute confidence in his approach, treating Mozart with the starkness of Greek theatre and the seamlessness of music drama. An impassive mask of Neptune

Opera/Andrew Clark

Bare Mozart

and a regal chair are the only props. The stage is shrouded in black, so that our attention is unremittingly focused on the principals and their internalised

Dressed in red robes, the Cretan king and his entourage may be classical archetypes, but McVicar's flawless choreography - aided by Ace McCarron's spotlighting uncovers emotions that concern us all. The chorus, by tional Greek community of our time, unwitting participant in a tragedy beyond its control. Within this frame, the staging keeps an imposing balance between ancient and modern, public

Without compromising the clarity of his chosen aes-thetic, McVicar probes his characters with a wealth of subtle touches - exploring Idomeneo's conflicting loyalties during Ilia's appeal to his fatherly instincts, and bringing Idomeneo and Idamante to their knees in a farewell of heart-rending humanity. I also liked the hand-held candles in the temple, and the way the Trojans' manacles were symbolically loosened.

Elettra is the only character to elude McVicar's enlightened gaze. In a décolleté gown that could have walked straight out of a Glasgow fashion boutique, she has the look of a hours, this Idomeneo is not a Carmen-esque outsider in a moment too long.

timeless family affair. Scottish Opera's cast and chorus are well matched to the staging: the singing may be small-scale, but it is well rehearsed and integrated ~ for which Antoni Ros Marbá. conducting with unmannered fluency, can take credit. Thomas Randle's Ido-

meneo makes a strong cen-

trepiece, holding the stage with stylish dignity and singing with heroic, if occa-sionally hard-pressed timbre. Despite his cropped hair and unheroic mien, Toby Spence justifies the choice of a tenor Idamante, growing in stature as the performance develops, while Peter Hoare proves worthy of Arbace's two arias. Lisa Milne is the touching Ilia: Claire Rutter's Elettra brings genuine softness to her Act 2 aria and cackling spite to the finale. Even at three and a half

n interesting juxtaposition of openings last week: an evening with Ken Campbell who habitually transmogrifies recent events in his own life into hizarre, surreal rambles, was followed by the European premiere of Neil Simon's latest play, consisting of the now familiar recipe - a slice of his early history lightly dusted with

the pretence of fiction. In this case, the pretence is lighter than ever, it seems to have been compulsory in pre-publicity for Laughter On The 23rd Floor to point out that the central character, Max Prince, is based on Sid Caesar, whose 1950s television series were watersheds in American comic history and spawned writers including Mel Brooks, Larry Gelbart, Woody Allen and Simon himself - here represented as Lucas Brickman. smiling a lot with shy nervousness but whose function

Theatre/lan Shuttleworth

Funny ha ha

basically is to observe and record events.

As Prince's writing team struggles simultaneously to come up with material for the next show and, usually more importantly, to keep each other and their boss on the rails. Simon engages in prolonged riffing in the manner of The Odd Couple's poker-school scenes. Here, however, although we are constantly told that these are all the funniest guys that the others have ever met. the gags are more often than

not limp and laboured. This is most glaringly apparent in the portrayal of Max Prince himself. True. the comic genius is supposed to be a shambling mess away from the cameras.

addicted to booze and tranquillisers, but in trying to convey both this and the character's comedic spark, Simon finds himself walking two paths at once. Similarly, Gene Wilder's performance deploys all the humorous devices that one would expect from such a past master, but seems, sadly, to be running on empty; one feels nothing of the spirit of Prince, Caesar or even Wilder in these antics.

As Caesar's (and thus Prince's) heyday coincided with the zenith of McCarthyite frenzy, numerous references are made to the House Un-American Activities Committee witch-hunts. among other events in the world at large. Simon

appears to want to go on the record as having deplored these pogroms even at the time, but since every other character is just as vocal in disgust, we gain little sense of tension; that whole shameful episode of history is reduced to scarcely more than dramatic wallpaper.

Director Roger Haines secures a deal of fine ensemble playing and some performances stand out - Stefan Bednarczyk as chief writer. Val, rises above his blinisand-borscht accent, and Linal Haft, as the hypochondriac, Ira, is far better than his material - yet the evening lacks something. It may be that Britons do not respond to the seminal role of Sid Caesar in pioneering wackily intelligent screen comedy, but the more likely explanation is that this simply is not that great a play.

At the Queen's Theatre, London W1 (0171-494 5040).

INTERNATIONAL **ARTS**

AMSTERDAM

CONCERT Concertgebouw Tel: 31-20-6718345 Koninklijk

1

Concertgebouworkest with conductor Riccardo Chailty, soprano Luba Orgonasova, alto Nathalie Stutzmann, tenor Hans Peter Blochwitz, bass Kurt Moll and the Groot Omroepkoor perform Choral-Variationen by Stravinksy/J.S. Bach and Bruckner's Mass No.3 in F minor. 8.15pm; Oct 9, 10, 11

ANTWERP EXHIBITION MUHKA - Museum van

Hedendaagse Kunst Tat: 32-3-2385960 68 Forms into Time: a survey of the sculpture of David Nash: this exhibition features a selection of key works by the English sculptor David Nash (b. 1945), who works in the tradition of such artists as Henry Moore, Barbara Hepworth, Richard Long, Hamish Fulton and

Hamilton Finlay. The relationship between nature and culture plays an important role in his work; to

BERLIN

EXHIBITION Alte Nationalge Tel: 49-30-2035550

 Manet bis Van Gogh, Hugo von Tschudi und der Kampt um die Moderne: exhibition on the occasion of the 100th anniversary of the appointment of Hugo von Tschudi as director of the Alte Nationalgalerie. Main theme of the exhibition is his leading role in the introduction of "modern" French Impressionist art in Germany. The display includes works of French art that were acquired in those days by the Aits Nationalgalerie and other German museums and collectors; to Jan 6

OPERA

Deutsche Oper Berlin Tel: 49-30-3438401 Oediper by Enescu. Conducted by Lawrence Foster and performed by the Deutsche Oper Berlin. Soloists include Karan Armstrong, Kaja Borris and Lenus Carlson; 7.30pm; Oct 11

BRUSSELS

EXHIBITION Musées Royaux d'Art et d'Histoire Tel: 32-2-7417211 Boeddha's van Siam, Kunstschatten uit het koninkrijk Thailand: exhibition on the occasion of the 50th anniversary of the reign of His Majesty King Bhumibol Adulyadej of Thailand.

The display features approximately 125 objects, dating from the second millennium BC to the 19th century AD. The exhibits. the majority of which come from the collections of temples and national museums of Thailand, include stone and bronze sculptures, gold, jewellery, paintings, masks, puppets, ceramics and lacquer; from Oct 11 to Feb 16

Koninklijke Vlaamse Schouwburg Tel: 32-2-2194944 Oresteia: by Aeschylus (in Dutch). Directed by Franz Marijnen and performed by the

Koninklijke Vlaamse Schouwburg. The cast includes Bert Andre, Sandrine André and Sjarel Branckaerts; 7pm; Oct 12

COLOGNE

EXHIBITION Museum Ludwig

Tel: 49-221-2212379 ■ Lewis Hine - Die Kamera als Zeuge: exhibition of photographs by the American sociologist Lewis Wickes Hine (1874-1940). Among the works on display are his photographs of American immigrants on Ellis Island, child labour, and the construction of the Empire State Building: to Nov 24

COPENHAGEN

CONCERT Tivoli Concert Hall Tel: 45-33 15 10 01 Finnish Radio Symphony Orchestra: with conductor Sakari

Oramo and soloist Inger Dam Jensen perform works by Merilainen and Strauss. Part of the European Radio Symphony Festival; 8pm; Oct 12

FRANKFURT AM MAIN

CONCERT Jahrhunderthalle Hoechst Tel: 49-69-3601240 Bamberger Symphoniker; with

conductor Marcello Viotti, soprano Juliane Banse and mezzo-soprano Gabriele Sima perform works by Britten, Mozart/ Strauss and R. Schumann: 8pm: Oct 11

HANOVER EXHIBITION

Sprengel Museum Tel: 49-511-1683875 Europas frühe Wilde -

Expressionisten und Fauves: this exhibition of works on paper brings together works by German Expressionists from the collection of the Sprengel Museum and works by French Fauvists. including Derain, Dufy, Marquet and Matisse, from the collection of the Museum of Modern Art in New York; to Nov 17

LONDON

CONCERT Barbican Hall

Tel: 44-171-6384141 London Symphony Orchestra: with conductor Kent Nagano and viola-player Yuri Bashmet perform works by Berlioz and Stravinsky;

7.30pm; Oct 9

Royal Opera House ~ Covent Garden Tel: 44-171-2129234 Götterdämmerung: by Wagner. Conducted by Bernard Haitink and performed by the Royal Opera, Soloists include Vivian Tierney, Ann Murray and Gillian Webster, 4pm; Oct 12

LOS ANGELES DANCE **Dorothy Chandler Pavillion**

Tel: 1-213-972-8001 Nur Du (Only You): a choreography by Pina Bausch, performed by the Pina Bausch Tanztheater Wuppertal; 8pm; Oct 10, 11, 12, 13 (2pm)

■ NEW YORK CONCERT

Avery Fisher Hall Tel: 1-212-875-5030 New York Philharmonic: with conductor Semyon Bychkov and violinist Vadim Repin perform works by Kodály, Bartók, Ravel and Strauss; 8pm; Oct 10, 12

PARIS

DANCE Théâtre National de l'Opéra -Opéra Garnier Tel: 33-1 42 66 50 22 Bailet de l'Opéra National de Paris: perform Paul Taylor's Aureole to music by Handel,

Jerome Robbins' A Suite of

Dances to music by J.S. Bach,

Angelin Preliocal's Annonciation

Roland Petit's Le Jeune Homme et la Mort to music by J.S. Bach; 7.30pm; Oct 9

to music by Roy/Vivaldi and

EXHIBITION Centre Georges Pompidou Tel: 33-1-44 78 12 33

 Francis Bacon: retrospective exhibition devoted to this English painter (1909-1992). The display teatures 86 works - 79 paintings and seven works on paper - from public and private collections. giving an overview of Bacon's artistic career, to Oct 14

VIENNA OPERA

Wiener Staatsoper Tel: 43-1-514442960 Don Giovanni: by Mozart. Conducted by Asher Fisch, performed by the Wiener Staatsoper. Soloists include Adrianne Pieczonka, Angelika

■ WASHINGTON

Kirchschlager and Ferruccio

Furlanetto; 6.30pm; Oct 9

CONCERT Concert Hall Tel: 1-202-467 4600 National Symphony Orchestra; with conductor Leonard Slatkin and percussionist Evelyn Glennie perform works by Schubert. Schwantner and Prokofiev; 8.30pm; Oct 10, 11, 12

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MONDAY TO FRIDAY **NBC/Super Channel:**

FT Business Moming

10.00 European Money Wheel Nonstop live coverage until 15.00 of European business and the

Financial Times Business

Tonight CNBC:

financial markets

08.30

Squawk Box

European Money Wheel

Financial Times Business Tonight

itly for censorship. In fact,

his arguments are mostly

bare assertions. But they

carry a punch because he

lacks the inhibitions of the

typical academic. He is not

afraid, for example, to

declare that a plastic puddle

of vomit is not art, what-

Nor will he accept dogmas

about freedom of speech.

Would it really be infringed,

he asks, if songs celebrating

the ripping of vaginas and

the licking of anuses were

banned? Those who are

offended, he claims, cannot

simply stop looking or lis-

tening because the perpetra-

tors impose serious "exter-nalities" on the rest of

society: the moral environ-

ment is degraded for every

the only ground for hope in

a revival of religion. Capi-

talism and democracy, he

argues, cannot remain

vibrant without a firm

moral foundation. It was no

accident that cultural

decline in the US coincided

with the ebbing influence of

religion - impressive fig-

ures on church membership

mean nothing, he says,

because Americans' sup-

can supply the premises

from which the prescrip-

tions of morality can be

Looking forward, he sees

ever museums may think.



Michael Prowse · America

Gomorrah beckons

An influential new book argues for censorship and a revival of religion to reverse the decline of American culture

The lyrics of popular songs say something about the health of a nation's culture. A typical offering from the 1990s is "Horny" by Snoop Doggy Dogg, the "gangsta rap" singer: plined generation.

"I called you up for some sexual healing/I'm callin' again so let me come get it/ Bring the lotion so I can rub you/Assume the position so can fuck you."

The example is from Slouching Towards Gomorrah (HarperCollins, New York, \$25), Robert Bork's new book on American cultural decline. Mr Bork will probably always be best remembered as the Supreme Court justice who never was. A judge with impeccable credentials, he was nominated for the nation's highest court by President Ronald Reagan in 1987. But the Democratic Senate rejected him after a bitter confirmation battle.

Mr Bork has not lost his talent for controversy. His latest book is a shriek of anger at what America has become. He sees rap music. violent and pornographic films and videos, the O.J. Simpson trial, rampant feminism, political correctness, out-of-wedlock births, crack cocaine and much else as symptoms of a cultural and moral decline that is assuming terrifying proportions. He fears destructive social forces could spiral out of control, resulting in a high-tech version of the Dark Ages.

The book starts with a pungent critique of the "counter-culture" philosophy of the 1960s. He ladles contempt not just on the intellectually vacuous student leaders - who attacked bourgeois culture without offering any coherent alternative ~ but on the guilt-ridden university deans who lacked the moral authority to face down these overprivileged children. That awful decade is still with us. he wards, because the progage largely intact. He sees Bill and Hillary Clinton as the very personification of an immoral and ill-disci-

The 1960s, however, merely accelerated adverse trends that had deeper roots. Like critics on the left, Mr Bork believes the failings of modern society are the result of liberal principles pushed too far. He admires the "classical liberalism" of the 19th century, but maintains it bore little resemblance to "modern liberalism" because the drive for personal liberty and equality was then tempered by opposing authorities and traditions, principally religion. These have collapsed and social life is distorted by a strange combination of radical egalitarianism on the one hand and radical individualism on the other.

Radical egalitarianism, he argues, manifests itself in such irrational dogmas as progressive income tax (a product of pure envy) and racial quotas, which fan tensions between ethnic groups. And it lies behind forces - feminism and multiculturalism - that are

reached early middle age - higher education. In their proposal is to argue explic and positions of power - fruitless attempt to deny with their ideological bag- sex-role differences. he argues, extreme feminists are even attacking logic and rationality as suspect male inventions. And he is horrified by the

onward march of multiculturalism - in particular the doctrine that the western heritage is no better, and in many ways worse, than other cultures. The celebra-tion of "diversity" in achools and colleges is wrecking the nation's capacity to assimilate racial groups and virtually guarantees it will experience the strife endemic in other ethnically divided societies.

He sees radical individualism as equally pernicious and charges it with creating a society of alienated, restless individuals who crave instant gratification of the basest kinds. "We now know that the founders of liberalism were wrong," he writes. "Unconstrained homan nature will seek degeneracy often enough to create a disorderly, hedonistic and dangerous society."

The critique is alarming and in some respects justified. But what is to be done? How is America's cultural decline to be reversed?

posed religious beliefs no longer influence their conduct. He accepts that morality, in principle, is feasible without religion, but denies it is a practicable possibility for the great mass of humanity. "For most people, only revealed religion

> And what if the growing strength of conservative religious groups proves short-lived? The wisest strategy, he advises, is that of monks in the Dark Ages: find a sanctuary. Live in a secure, gated community and educate your children at home to prevent them being culturally polluted. And then watch the rest of the world burn.



testers of those years have Bork: rejected for the Supreme Court - but not silenced

·LETTERS TO THE EDITORS

Number One Southwark Bridge, London SEI SEL

We are keen to encourage letters from readers around the world. Letters may be fauto to '44 17 5 55

to 'fine'), e-mail: letters editor@it.com Published letters are also evaluable on the EU web star large of the Translation user be available for letters written in the main international targets.

Penalty of wage restraint within Emu

From Mr Paul Donovan. Sir. Martin Wolf's column on UK participation in the European monetary union ("The danger of dithering". October 1) lists many of the problems associated with too broad a union. Beyond a core six countries there is not the real economic convergence necessary if participants are to share a

single interest rate and monetary policy. In the long run, labour mobility across international borders may resolve the problems, but that is so far into the future as to be redundant. The fact is that, in

economic terms, an Emu extending beyond the core group of six economies will

dimension

Sir, May I add a footnote

to Michela Wrong's piece on

Tanzania ("Tanzania's

egalitarian dream now

nightmare of corruption"

socialist attitudes there

might have a linguistic

preferred word for

In the early 1970s, the

'capitalist" in Kiswahili was

kupe, which meant parasite (literally, a cattle tick). This

usage offended us western

aswarm, since it elided the

accumulation which the

Dar es Salaam was then

Markist grouples with whom

progressive historical role of

bourgeoisie must be allowed

I don't know if this term is

still in use, but if it is then a

Confucian "rectification of

(senior lecturer in sociology,

names" might be worth

Aidan Foster-Carter.

University of Leeds),

17 Birklands Road.

Shipley, W Yorkshire, UK

to play - so that when the

time came we would have

something worth

expropriating.

considering.

October 4)? The survival of

From Mr Aidan

Foster-Carter.

dimension.

not work. As Mr Wolf points out, unemployment pockets (with national identities) will persist; nationalist politicians will exploit them to rail against the European central bank, and possibly even the EU as a whole.

What Mr Wolf did not mention in his analysis was that in a broad Rmu it is the UK that would suffer most. It seems safe to assume the central bank will conduct its monetary policy with the over-riding aim of lowering inflation. The highest inflation regions will thus dictate the euro interest

Given the lack of labour mobility, in a world of common monetary and

neutered fiscal policy, regional inflation pressures will be determined largely by wage settlements - a function of the labour market structures of the component states. In such an instance the UK, where labour market reforms are years ahead of its continental partners, is likely to have lower wage pressures. In other words, the UK will permanently experience higher interest rates than it should, because it has lower wage pressures.

than its partners in Emu. I am by no means a Eurosceptic. Core Emu, with converged economies, brings limited economic advantages and significant political

gains, My fear is that enlarging the monetary union risks penalising economies that practice wage restraint Further, in a disaster scenario of rising nationalist tensions, too broad an Emu could ultimately bring down the EU. In my view the choice for UK is remaining in the EU but outside Emu, or joining Emu without regard to the economic consequences and so jeopardising British membership of the EU its

100 ma

Maastric

Paul Donovan 29 Essex Road, London B10 6HP.

When inflation can be good for you A different

From Mr Roland Michelitsch. the labour market find its Sir. Inflation can undoubtedly be a real problem, particularly cases of hyperinflation experienced in some Latin American countries and more recently in Russia. One might further agree with Michael Prowse ("Inflation apologists", September 80) that one should not assume people are permanently irrational and will be no less willing to accept a wage cut in a zero inflation environment than an economically equivalent failure to increase wages in line with inflation.

inflation or reflect

Nevertheless, there are some cogent reasons why inflation might be beneficial to help

equilibrium The most important

reason for unemployment is likely to be minimum wage regulation and the recent increase in the minimum wage in the US is prone to increase the unemployment rate. Minimum wages-are usually either not indexed to underlying inflation only imperfectly. Inflation thus helps "alleviate" the effects of minimum wage regulation over time and will help reduce unemployment caused by it. Another reason why

Northwest, inflation (at very low levels) could be beneficial is that there might be at least some

cent inflation - even though they are close: the former is a LES per cent reduction in real terms, the latter 2

illusion. A 4 per cent wage

increase with 6 per cent

inflation is not precisely

equivalent to a 2 per cent.

wage increase with 4 per

reduction of 1.92 per cent. If even an author in the FT believes it to be a 2 per cent decrease, it seems not too far-fetched that the average worker might make a simile mistake.

Boland Michelitsch, 5415 Nevada Avenue Washington DC 20015,

Tunnel not under Temple Mount

From Mr A.D. Marks. Sir, I was dismayed to read in your September 28/29 weekend edition the two reports by David Gardner about the opening to the Hasmonean tunnel located in the Old City of Jerusalem in the context of the recent violence that has erupted here ("Arab world will find it hard to sit on its hands" and in Weekend FT

"Eternal divide in the thrice Holy City").
Both echoed the Palestinian claims that the tunnel opening went under Temple Mount - which is firstly the holiest Jewish place and also one of the three Moslem holy places thus spreading the falsehood that somehow a Moslem

holy place had been

of the sort had taken

The damage you have caused is enormous, stold the fires of Moslem batref against not only Israelis, but Jews everywhere...

A.D. Marks, Top Office Centre. PO Box 2265, 91022 Jerusalem.

LEGAL NOTICES

NOTICE OF DISTRIBUTIONS TO HOLDERS OF 11-1/2% SERIES A BONDS AND SERIES B BONDS. \$5,797,500, RESPECTIVELY, ISSUED BY MLH REALTY INVESTMENTS VI N.V.

On October 11, 1996, MLH Realty Investments VI (A) N.V. Inc. (the "Subsidiary"), having assumed the obligations of its parent MILH Realty Investments VI N.V. (the "Issuer") on the bereinafter described Series A Bonds and Series B Bonds will, through a certain paying agent, make available to the holders on such date of its 11-1/2% Series A Bonds and Series B Bonds, each due March 15, 2002 with an original principal amount of U.S.\$30,525,000 and U.S.\$5,797,500, respectively (together, the "Bonds"), a psyment of accrued interest and a partial psyment of principal on such Bonds. Each holder of the Bonds on such date will be entitled to receive \$48.88 (which represents all accrued but unpaid interest on the Bonds through such date) and a partial payment of principal of \$69.12 for each \$790 original principal amount of the Bonds. This payment to the Bondholders represents a distribution received by the Subsidiary on its units representing limited partnership interests in MLH Income Realty Partnership VI ("MLHIRP VI") which has sold its investments in Santa Paula Shopping Center, Lompoc Shopping Center, The Macy's Building, Fullerton Business Center South and the land under 1801 Century Park East. A description of these sales is provided in MLHIRP VI's Annual Report for the fiscal year ended November 30, 1995, and Interim Reports to Investors for the fiscal quarters ended February 29, 1996 and May 31, 1996. Such reports may be obtained upon request from Morgan Guaranty Trust Company of New York ("Morgan Guaranty") at the address indicated below, in addition, the consolidated financial statements of the issuer and the Subsidiary for the year ended November 30, 1995 and for the semi-armual period ended May 31, 1996, are also available from Morgan Guaranty upon request.

Please note that MLHIRP VI is contemplating the change of its fiscal year end from November 30 to December 31. If the fiscal year end of MLHIRP VI changes, the Annual Report and Interim Reports for MLHIRP VI will be available one month later than usual. The fiscal year end of the Issuer may likewise be changed to December 31 (see the Notice of Special General Meeting below). If the fiscal year end of the Issuer changes, the fiscal year end of the Subsidiary will be changed to December 31 as well.

In addition, it is expected that the above-described distribution of interest and principal payments will be the last distribution bondholders will receive until Treasure Island, the last real estate investment property of MLHIRP VI,

In order to receive the above interest and principal payments due October 11, 1996, each Bondholder will be required to deliver either to Morgan Guaranty at 60 Victoria Embankment, London ECAY 0JP, England, or with respect to the Series A Bonds only, to Kredietbank S.A. Lucembourgeoise, 43 Boulevard Royal, L-2955 Luxembourg, Interest Coupon Number 19 for each of the Bonds, which covers the semi-arraual interest payment, and Principal Coupon Number 2 for each of the Bonds, which covers the partial payment of principal. If you have not already done so, please submit these coupons as described above.

MLH Realty Investments VI (A) N.V. Inc. By:

Dated: October 7, 1996

NOTICE TO SHAREHOLDERS OF MLH REALTY INVESTMENTS VI N.V.

Notice of the Special General Meeting of Shareholders of MLH Realty Investments VI N.V. (the "Company") is hereby given. The meeting is to take place at 9:30 a.m. on October 31, 1996, at the registered office of the Company, 14 John B. Gorskraweg, Curação, Netherlands Aratilles. The agenda of the meeting is set forth below. AGENDA

Special General Meeting of Shareholders of MILH REALTY INVESTMENTS VI N.V.

- Proposal to amend the Articles of Incorporation in such a manner that the bookyear of the Company will run from December 1, 1995 up to and including December 31, 1996 and thereafter the fiscal year of the Company will end on December 31 of each year for the 12 month period there ended. The current year to end
- Proposal to authorize each and every lawyer practicing with the offices of civil law notary Mr. M.L. Alexander to apply to the Ministry of Justice for the declaration of no-objection on the draft deed to amend the Articles of Incorporation as indicated above, to make whatever changes to such draft as the Minister may require, to execute the deed of the amendment of the Articles of Incorporation and furthermore to do all and everything that the attorney may deem useful or necessary in connection with the foregoing.

Shareholders, by executing the subscription agreement for their shares have executed a discretionary proxy in Shareholders, by executing the subscription agreement for their shares have executed a discretainty proxy in favour of Yvomante Corporation N.V., authorizing Yvomante Corporation N.V. to vote the investor's shares. This proxy may be revoked either personally at the Special General Meeting of Shareholders or by written notice to Yvomante Corporation N.V., 14 John B. Gorsiraweg, Curação, Netherlands Antilles, received prior to such meeting. Shareholders have the opportunity to instruct Yvomante Corporation N.V. as to the voting of their shares by writing to Yvomante Corporation N.V. at the above address. If no voting instructions are received by Yvomante Corporation N.V., it will vote the shares to approve and/or authorize item 1 and 2.

MLH REALTY INVESTMENTS VI N.V. MeesPierson Trust (Curação) N.V.

Managing Director

The employee rights challenge facing UK employers

From Mr Roger Lyons. Sir, With UK Labour eader Tony Blair's commitment to legislate on employment rights early on in a new Labour government, I wonder if

Britain's employers are ready for the challenge? The lack of fair rights at work means that employees of bad employers have little choice. If that employer sacks you unfairly, you have no protection unless you have two years' service. If you want to be represented

by a union, that employer

can ignore your wishes. He can even – legally – pay you less because you are a union member. There has to be a better way. Unions understand as well

as anyone else that the world economy is changing as is the world of work. We need to be flexible to face the challenge of increasing competitiveness. And our members want to work for successful companies so they can share in prosperity and security. They don't need to be bludgeoned into

submission to be productive

and they certainly don't need the climate of fear that pervades too many workplaces today. What they want is investment in training, help to develop

their skills and fair rights at work which should apply to every worker, regardless of their form of employment, hours they work or length of service. There's nothing new about this. Forty-one of the 50 main employment rights already apply from the start of employment.

Labour's review of unfair dismissal law, in the light of London ECIV 8BB, DE

the anticipated House of Lords judgment in the Seymour Smith case, must acknowledge that all workers are entitled to the fair treatment allowing for the genuine probationary period The challenge for employer and employees will be to help put those rights into place so that we can all gette on with business.

Roger Lyons, general secretary. MSF Union, 33-87 Moreland Street,

Personal View • Peter Robinson

Barely a pass on training

UK's new system of vocational qualifications has been mixed



there been a wide-

industrial competitors in skills training. So when the government began planning its new system of vocational qualifications in 1966, there were high hopes of a substantial increase in workoriented education and

National Vocational Qualifications, designed to offer training to a much higher proportion of the workforce and rationalise the existing patchwork of courses and awards. In 1992, General National Vocational Qualifications were introduced for people still in full-time education, offering an alterna-tive to the academic courses in schools and further educa-

tion colleges. Several government reports have broadly endorsed these reforms in the past year (while drawing attention to some abortcomings). However, there has been a lack of research on the impact of these qualifications – and a new study published today by the Centre trated in the clerical, secre-

and a second second

nomics casts doubt on offi- mainly in sectors not heavily

Council for Vocational Qualifications, the quango set up to develop the new system, that over 3m people are For more than working towards NVQs, for century, example, are grossly exagthere has gerated. Figures from the quarterly Labour Force Surspread percep- vey produced by the governtion that ment suggest that only been no increase in net Britain lagged behind its about 660,000 people were working towards NVQs in

spring 1995. Growth in uptake of NVQs has been slowing since 1991-92 and only 2 per cent of employees were working qualifications. towards NVQs in spring More worry 1995. This is far short of the training.

The first step was the for 50 per cent of the work-introduction in 1988 of force to be working towards the new qualifications by 1996 - a target that has now

been dropped. There is also no evidence that the new vocational qualifications have led to any increase in the training available to individuals. Before the introduction of NVQs and GNVQs, there was already a wide range of traditional vocational qualifications which were attract-

ing rising numbers.
There has been some growth in the number of vocational qualifications awarded since 1990-91 though only at lower levels. The absence of growth in awards at higher levels is a

NVQs are heavily concen-

The impact of the at the London School of Eco- service occupations - and exposed to international Claims by the National competition They are under-council for Vocational Qual-represented in the higher managerial, professional and technical occupations, in craft occupations, and in the internationally traded manufacturing and business and financial services sectors of

the economy. As for GNVQs, there has enrolment on post-16 courses in further education since their introduction, GNVO enrolments have simply displaced enrolments on courses leading to other

More worrying, however. is the finding that successful completion rates appear to be significantly lower on courses leading to GNVQs than on courses leading to traditional vocational and academic qualifications. The overall impact of GNVQs is thus to reduce the chances that the government will achieve its national targets for education and training.

And while GNVQs have quickly become the most popular form of vocational qualification for many in the 16 to 19 age group continue to prefer traditional qualifications. One reason for this is that they are particularly suited for part-time study which GNVQs do not readily. lend themselves to.

Thus the new system has failed to rationalise the structure of vocational qualifications. The number for Economic Performance tarial, sales and personal qualifications awarded in UK

higher than that for NVQs and GNVQs by a wide man gin. Individuals and supply all doso the case before the new ers tem was introduced.

it is not all gloom, however. There has been consider erable improvement in other aspects of the UK education and training system sides 1988. Staying on rates for full-time education after rose significantly between 1988 and 1994, and the number going on to higher edu

cation has doubled.

There are also indications. that employers are providing training to a higher proper training to a higher proper average of the economy have found NVQs useful others prefer to stick with the older of the state of the sta

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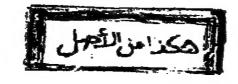
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prefer to stick with the older qualifications.

However, there remain concerns over GNVQs which have not led to any increased enrolment in full-time education and which have produced lowers successful completion rates than the qualifications they have displaced. GNVQs appear to represent a step to ward.

The author is research of a car at the Centre for Room of Performance. His report Performance. His report.
Rhetoric and Reality.
Britain's new vocational qualifications is available.
Condon from the Centre, London School of Economics, of traditional vocational Houghton Street WCIA 2AB



EDITOR!

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Monday October 7 1996

Too many Maastrichts

he French president got what wanted at Saturday's special IJ summit in Dublin: a comintment to finish the current ntergovernmental conference mown as the IGC, or Massricht Two) by the middle of ext year, and a narrowing of he agenda to make that deadthe more realistic.

Mr Chirac's sense of urgency tems mainly from his anxiety o get the revised treaty ratified efore it becomes an issue in he French parliamentary elec-ions of March 1998. But it is be good for bared by others with enlargehared by others who are eager ent negotiations (due to start ix months after the conference nds) and who fear that proonging the conference may ave disastrous knock-on effects n the rest of the EU's crowded alendar for the next three ears, including the launch of he single currency in 1999.

To meet the deadline. the arly ambitions for the conferace have been dropped. The erman government, which ace talked of political union as precondition for monetary zion, now thinks that only the perience of monetary union Ill convince its partners of the ed for further political inteation and greater powers for e European parliament. Even the argument that this

nference must create instituns which can manage a ion of 20 or more members now to have been abanned. Chancellor Helmut Kohl

talks of deferring that task to another conference, "Maastricht Three". Whether this would be held concurrently with enlargement negotiations, or only after new members have been admitted, is not clear. Either way, the would-be new members will have to play a part in it.

Even the new, narrower agenda contains items unaccept able to the present British government, notably the plans to write a chapter on employment into the treaty, and to entrust the interpretation of decisions on "third pillar" issues (those concerning justice and home affairs) to the European Court. The Labour opposition, too, has so far rejected the proposal to take some decisions in this area by majority vote.

Mr John Major accepted the June 30 deadline, presumably thinking it means that if he is still in office then the conference will have to end on his terms. But if, as at present seems more likely, a Labour government takes office in May, it will hardly be ready to sign a new European treaty, negotiated by others, by the end of June. A further special summit planned for March may only make matters worse, by ensuring that issues still in dispute are pushed to the forefront of the British election campaign.

On balance it would surely be better to prolong Maastricht Two, and not put off all the hard tasks to a Maastricht

Seaside blues

vas the Conservative prime - dister Arthur Balfour who larked famously that he uld take the advice of his at before he paid heed to his ty's conference. Nine ades on, Mr John Major's a for servants, but he could his predecessor.

at so long ago the role of be in opposition. was to sustain the yin government. There was odd discordant note, but, rwhelmingly. loyalty ited above controversy and er above politics. All that changed in recent years. -e applause for ministers on platform has been accompaby a cacophony of dissent the hard-line Eurosceptics right-wing radicals on the

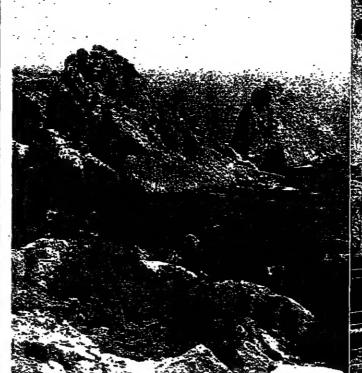
> senior Conservatives have est expectations of their nemouth conference. The t allegations of sleaze at minster and cover-ups in shall will inevitably cast a Most in the cabinet will the event a success if it no more than signal a sceptic right renews its ught on Mr Kenneth

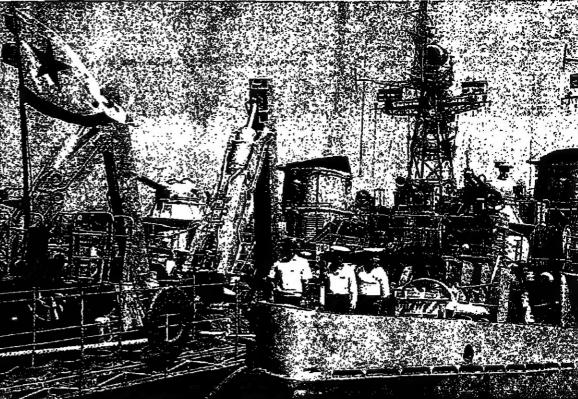
For all Labour's huge lead in the opinion polls and the success of Mr Tony Blair's Blackpool conference, the Conservatives still have a chance to make a fight of the general election. The voters' enthusiasm for sless society leaves little Mr Blair is tinged with visible unease as to whether Labour lly be blamed for agreeing will be as self-disciplined in government as it has contrived to

/ troops was to sustain the on the Conservatives' side. A responsible fiscal policy would rule out tax cuts in next month's Budget, but the overall performance of the economy is better than for many years. So far the recovery has put money into people's pockets without reigniting inflation. There is a serious debate to be had too about the relative merits of Mr Blair's advocacy of activist government and Mr Major's pro-

spectus for a smaller state. But the Tory case can be made only if the party backs the cabinet's policy of keeping open the option of participation in a single European currency. Yesterday, Mr Major strongly reaffirmed that stance and, sensi bly, underlined his confidence in the party's civil war in Mr Clarke. His party should Europe. If instead the pay heed, and if not to the prime minister then to history. The departure from office of Mr Mr Major might well break in two over tariff reform, counting his days in ing Street.

COMMENT & ANALYSIS





Change in Crimea: picturesque Yalta (left) is attracting investors, while Sevastopol hopes to rely less on the Black Sea fleet (right)

A change of priorities

Conflict between Russia and Ukraine over Crimea is now less likely as economic reform displaces threats of secession, says Matthew Kaminski

ymionov will bring Sevastopol to Russia." the campaign posters read. Mr Viktor Symionov, mayoral candidate, last year found the slogan popular among voters in his successful campaign to be mayor of the city, which is in the Crimea region of Ukraine where Russians dominate.

His electoral triumph heightened tensions in Crimea, and echoed similarly veiled secessionist calls by other local leaders. The US Central Intelligence Agency warned that ethnic unrest in the region, transferred from Russia to Ukraine in 1954, could plunge the two countries into war.

Today Mr Symionov takes a different line. "Sevastopol is a unique city, neither Russian nor Ukrainian," he says, almost apologetically. "Our main task is to demilitarise, to make an economy that worked only for the Moscow defence ministry benefit a greater share of the population."

His change of heart reflects Crimea's. Reunion with Russia is off the agenda. Separatism lost its political force last year. Kiev trade zone in the city. regional constitution while Russia was distracted by the messy conflict in Chechnya

The 50,000 Russian troops from the Black Sea fleet did not stir from their bases in Crimea. Russian help - either with arms or alms - was not on the way.

Like Mr Symionov, most local leaders prefer talk about improving living standards to that of secession. Mr Arkady Demidenko, prime minister in Crimea's autonomous local government, says his main challenge is "not to get entangled in politics". He lists his priorities: "our six sea ports, the intensive development of the Black Sea oil and gas fields, tourism and agriculture".

Jutting awkwardly into the Black Sea, Crimea is a poor province of a struggling and weak state. Production fell 21.2 per cent last year, measurably more than the 14 per cent average drop in Ukraine.

Three out of four Crimeans are

Russian, but the ethnic divisions court and the Soviet politburo, are blurred. Russians and Ukrainians have the same religion, speak a similar language

and share a common history. A majority of Crimea's Russians backed Ukraine's independence in a 1991 referendum. But their support ebbed quickly when chronic energy shortages and falling wages made life even harder than in Russia.

This summer, in an effort to regain public support, the Crimean government launched an economic reform programme which includes the sale of small shops and larger factories owned by the state. The International Finance Corporation, a private sector arm of the World Bank which has led privatisation efforts in Russia and Ukraine, is

organising the auctions. Sevastopol, once a naval base closed to foreigners, now welcomes western ships. Trade in its deep harbour rose from 600,000 tonnes in 1993 to 1.5m tonnes last year. A local group of businessmen has asked the Kiev government to approve plans for a free

president and suspended the private hands and in a few years tion and organised crime. you'll see this place freed," says Mr Vladimir Ochkurenko, a former Communist party boss and Russian. He runs Ramat Sevastopol Tours, a Belgian-Ukrainian private tourist agency.

Crimea's attempts at economic development

deported to central Asia by Stalin in 1944 have

been moving back to the peninsula where they

About 250,000 refugees live in shanty towns.

Most live in crowded, primitive conditions: only

28 per cent have electricity, 5 per cent running

frustration led to riots last year, after two Tatar

Ukraine's strained budget provides minimal

water and hardly any have indoor sewerage.

Half the Tatars are unemployed. Their

traders were killed by Russian racketeers.

resettlement assistance. The UN last year

launched a \$15m plan to develop small

must also accommodate its serious refugee

problem. The Crimean Tatars who we

had lived since the 13th century.

Crimea's striking coast and ancient Greek ruins are prime attractions for tourists. More than 2m people visited this summer, the first increase in five years - though there is a long way to go before the number nears the 8m a year recorded during the 1980s.

The previously state-owned hotels are up for sale, and a Canadian investor has started building a new resort in Yalta, the picturesque seaside resort.

he region might also be rich in oil, with offshore reserves still to be exploited. JKX Oil & Gas, a UK company. has invested \$8m in a local joint venture: Pectin, a US subsidiary of Royal Dutch Shell, recently put in a bid for a Black Sea shelf

However, Crimea's infrastructure desperately needs improvement. The resorts and hotels meet only miserly Soviet standards of service and comfort. The telephone system is primitive. And investors complain bitterly bureaucratic delays, corrup-

Most of the economy is still connected with military production, which accounts for 60 per cent of Crimea's gross domestic product and employs two out of five people. But a report from the

contribution to the Soviet mili- Russia and Ukraine, which have tary machine is in industries with strong potential for conversion to civilian production mainly shipbuilding, chemicals and light industry. All these, the report adds, have a future in a

Troublesome return of the Tatars

market economy.

Some companies have already found new clients. The Sevastopol Shipbuilding Factory, previously reserved for the 300-vessel Black Sea fleet, now has government permission to repair and service foreign commercial ships. Two Greek and a Russian vessel are already in port taking advantage of the cheap prices.

The shipbuilding factory is among 208 companies that the Kiev government wants to sell to foreign investors later this year to raise hard currency. Sevastopol has so far attracted a meagre \$1.8m in foreign investment, says an official at the city's office for foreign economic relations, but now feels able to seek much

Ukrainian politicians in Riev endorse the fledgling reforms and welcome anything that weakens Sevastopol's reliance on Russia's Black Sea fleet, Mr Sherman Garnett, a senior associate at the Carnegie Endowment for International Peace, argues that the diversification of the Crimean economy will lessen its reliance on the local Russian military. That, in turn, would reduce the A favoured haunt of the Tsarist United Nations says Crimea's potential for tension between

enterprises and improve poor health facilities in

"There are decisions Ukraine can take without

spending money," says Mr Mustafa Jamilev, the

Tatar communities, but improvements have

Tatar leader who spent 15 years in Siberian

One demand is for Ukrainian citizenship:

enterprises. Another is Tatar-language schools

and more jobs for Tatars in local government.

understands our problems than Russia - it also

suffered from repression and lived as a colony."

without it, Tatars cannot participate in the

However, Mr Jamilev is not in favour of secession from Ukraine. "Kiev better

gulags for his nationalist views.

Europe's two biggest armies. Talks on the division of the

Black Sea fleet between the two countries have dragged on without resolution for five years. Moscow still wants exclusive control in Sevastopol, the fleet headquarters. It is suspicious of attempts to develop the local economy away from military pur-

Mr Andrei Grachev, the Russian fleet spokesman in Sevastopol, says Russia opposes privatising the military-industrial companies, introducing conversion programmes or setting up a free trade zone. "These factories must work for the military," he says. "Tell me if you have a free economic zone in Norfolk. Virginia, Plymouth in England, or any large base.

The last Black Sea fleet commander. Admiral Eduard Baltin. banned more than three foreign ships from docking in port at the same time to protect the fleet's security. Although he was fired in February, the rule still stands. City leaders want it revoked.

Local business leaders and the ev government are also ious for a deal on the fleet. The continuing uncertainty "frightens off investment", says Mr Evgeny Jamal, a deputy director at Sevastopol's Krym Bank.

But Crimea no longer seems destined for conflict. Russian nationalists in Crimea are disheartened: their compatriots have lost interest in politics and appear willing to settle for a better life in a Ukrainian Crimea. "Our national self-consciousness is very weak, and that's bad, says Mr Sergei Shovyanikov. chairman of the Russian party in Simferopol, the regional capital.

This, at least, is one success for Ukraine, which adopted a new constitution in June that confirmed local minority language rights and autonomy for Crimea. By accommodating the Russian community in Crimea, it has staved off the threat of a destabilising conflict with its larger neighbour. An economic recovery could make the stability

Cardoso's bet

to live up to the high ations of those who voted nto office two years ago. i mayoral elections delivo the president not the ading endorsement he i to help him achieve the utional change necessary · · · 1 to seek re-election, but a unbiguous message.

Cardoso can take heart n party across the coun-1ch of voters. In many they rewarded effective government from whatarty, eschewing ideology polism.

he other hand, the condefeat of Mr Cardoso's ite in São Paulo, Brazil's city, was a sore disapent. His own candidate ily while that of his main il opponent, Mr Paulo came within a hair's of becoming mayor having to fight a second

n mid-November. 'ardoso's final place in tions in Brazil, yet much be achieved as finance

lent Fernando Henrique on the reforms that would place so of Brazil has so far government finances on a stable footing and thereby assure long-term success for his antiinflation plan.

Last year's budget deficit of 5 per cent of gross domestic product was described as "scary" by the World Bank, while this year's expected deficit is also provoking nervousness among some investors. The point is not that a Mexico-style financial crisis is imminent, but that the I reasonable showing of chances are increased that internal and external confidence id from the pragmatic, in the Real Plan will collapse.

There are risks in Mr Cardoso's bid for re-election. If he managed to secure the necessary constitutional change, his government would emerge significantly stronger to continue the anti-inflation struggle and, with the potential reward of another term, have strong incentives to succeed. Defeat, on the other hand, would risk his becoming a premature lame duck, having wasted political capital on an unsuccessful attempt to secure re-election.

Although a gamble, a re-election bid would be worthwhile. n history is not yet writ- Brazil's four-year presidential s greatest success has terms are short, and there is a e Real Plan, which succase for allowing a successive in breaking inflationary term in office, as in the US. Moreover, despite the disappointment so far, Mr Cardoso r before assuming the remains the best option in sight icy. So far, as president, to guarantee a conclusive vicfailed to follow through tory against inflation.

OBSERVER Hacked off Hashimoto

Ryutaro Hashimoto, Japan's prime minister, is probably heartily sick and tired of the Internet. For mysterious messages, apparently in his name, have been popping up on the home pages set up by a Hong Kong lobby group protesting against Japan's ownership of a group of uninhabited rocks, known as the Senkaku Islands, in the East China sea.

The announcements warn that Japan will take military action against any foreign ship entering national waters around the islands. An obvious spoof, they have been vigorously disowned by Seiroku Kajiyama, chief spokesman for Hashimoto's government.

But at the same time, it's all painfully close to the bone. Hashimoto is allowing himself to show a judicious amount of nationalism at home, in order to attract the support of a small but influential right-wing minority in a general election on October 20.

Simultaneously he's doing his best to tone things down abroad, with an eye on avoiding offending the Chinese. In that spirit, the government ordered the police to launch a symbolic raid on the offices of a right-wing group that sparked

off the present row over the Senkaku islands by building a lighthouse there. The raid was widely seen as for Beijing's

But it all adds up to an ambiguous message, which the Internet hackers have only highlighted. Goodness only knows what China's leaders make of it all.

Stinking fish

So what is this business of Deutsche Telekom issuing a sales prospectus for its forthcoming share issue, naming it after a rather smelly fish? The preliminary prospectus - or pink herring - was issued on Friday and will shortly be followed by its cousin, a slightly fatter red herring, which fills in the final

details about the issue. Naming these documents after fish is a practice established on the New York stock exchange, it was supposed to become the norm in the UK, when a chunk of British Telecommunications was first privatised in 1984. The spin doctors managing

that issue, however, preferred to refer to the document as a pathfinder prospectus instead. Small wonder. The Concise Oxford Dictionary does, after all, define red herring as "a misleading clue or distraction (so called from the practice of using the scent of red herring in

training hounds)". Not the most auspicious title for a document touting shares.

Cost of living On the slippery slope of wasted public money, few can demonstrate such ineffective brakes as the French, as today's latest annual report of the Cour

des comptes - the watchdog

guarding public expenditure -

demonstrates.

Among the catalogue of spendthriftery one item stands' out - an aircraft landing strip the armed forces decided to build in that highly strategic location for Europeans: Antarctica. It took seven years to construct, at a cost FFr110m. It was built right next to important wildlife reserves, weather conditions meant it could only be used during the nesting season of October to January. Within months of its

and the authorities decided it. was not worth repairing. Intriguingly one public sector body conveniently escapes any lambasting in the report; the Cour des comptes itself. After all, it has taken two years to publish the grisly details of the

completion in 1993 - and before

it had ever been used - a storm

partially destroyed the runway,

Antarctic airport. There again, that represents a significant improvement on its

past record. Its harsh criticisms of Crédit Lyonnais, the state-owned bank which is likely ultimately to cost the taxpayer up to FFr100bn, were only made in 1995, two years after even the French government had realised its mistake and kicked out the previous management.

Party plonker

■ In the UK, Automotive Leasing, owned by Dutch banking group ABN AMRO, has been fast off the mark. It has contacted suppliers about its Christmas party - not to invite them, but to ask them to pay for

Martyn Lewis, the company's technical services manager, has written to them, acknowledging they may be unable to decide who in his department should get gifts and how much should be spent. Lewis' solution is that his team goes on a day-trip to France, with suppliers helping "sponsor" it; the coach will cost £200, Junch £250 and about £200 for drinks. Or they can give staff a "goodie bag", stuffed with diaries, pens and such like.

Lewis says all his party-goers will be told which companies have coughed up, but he goes out of his way to emphasise that trading relationships will not be affected if some decide not to take him up on his generous offer. Very decent. I'm sure.

Financial Times

100 years ago Submarine Telegraphy

We referred some time ago to the movement that was being set on foot with the object of erecting an international memorial commemorating the invention of submarine telegraphy. The committee formed to carry out the proposal held its first meeting yesterday under the presidency of the Earl of Selborne, who in the course of a capital speech pointed out that, while the first cable in the English Channel was not laid until 1851, there are now 162,000 miles of submarine cable.

50 years ago Nuremburg Trial

Much solemn nonsense has been talked about the dignity of the Nuremburg trial. Yet with all its apparatus of arclights and headphones it was more like a photographer's paradise or a rodeo than a court of justice. The slippery Schacht was acquitted. It is a curious business, therefore. that the case against him presented by the prosecution could hardly have been stronger. Schacht's successor. Funk, a meagre man if ever there was one, is sent to gaol for 20 years. And so is Speer, a technician and industrialist who rose to ministerial power only late in the war. Yet one of the chief contrivers of the Nazi system goes free.

"The key to success is your passion."

CEKHOOSE

FINANCIAL TIMES

Monday October 7 1996



Vietnam's army makes Internet a lucky strike in leisure currency

A bowling alley has captivated bored executives trading

By Jeremy Grant in Ho Chi Minh City

Saturday night in Saigon will never be the same - thanks to the Vietnamese army.

Vietnam's defence ministry and its Singapore business partner have opened Vietnam's first leisure and entertainment complex, the \$15m Saigon Superbowl. Each week-end its 32-lane bowling alley is attracting scores of affluent young Vietnamese, who for years have been starved of lei-

sure activities.

A decade of economic reforms has turned these former students in Vietnam's biggest city, now named after the legendary wartime leader of former North Vietnam, into tures and heavily-censored young executives with a taste for leisure. They have the

spending power to match. The development of Saigon Superbowl - and the proliferation of foreign brand name stores throughout Ho Chi Minh City - comes at a diffi-cult time for Vietnamese policymakers, who have said they want to discourage con-sumer spending in order to at the weekend, Saigon Super-for \$100-\$200 each.

reduce a bulging trade deficit. bowl pulls in \$300,000 a month The army's stake in Saigon Superbowl reflects its growing economic role. The Ministry of Defence is keen to build up an industrial base of its own to add economic muscle to its increasing political power, and to offset recent cuts in

national defence spending. As Saigon Superbowl shows, it is not coy about investing in high-profile projects. Encouraged by the success of this one, it has even agreed to help set up a national bowling team which would eventually compete internationally.

Entertainment opportunities state-run television has for years served up drab folk feanews broadcasts. But bowling is new to Vietnam.

"I pay about 10 per cent of my monthly salary. I can afford it. There's nothing eise to do," says a finance officer at a foreign company. He earns about \$700 a month, almost 10 times the annual average income a head in the city.

and 1,000 people a day. That is double the expectations of Singapore's SUTL Leisure, the ministry's partner, says Mr Francis Lee, business manager at the centre. "Originally we expected an equal mix of for-eigners and Vietnamese but there are more locals." With 4,000 sq m of retail

space, the complex includes a western-style supermarket and a food court. "Planet Europa" - a combined bar, disco and karaoke loonge - is to open shortly in the same building. Downstairs, names such as

Revion, the cosmetics company, Adidas sportswear and Swatch, the Swiss watchmaker, have opened. KFC, the US fast-food chain, is to open an outlet next year.

There are plans to open a second site in Ho Chi Minh City and the company has already picked a piece of land for a third in Hanoi, the national capital Like Saigon Superbowl, they may include teams of instructors and a shop where the keenest play-

Pakistan reaches outline deal with IMF on economy

By Peter Montagnon in London and Farhan Bokhari

Pakistan and the International Monetary Fund have reached an understanding on the contours of an economic stabilisation programme which is to be submitted to the cabinet in the next few days, Ms Benazir Bhutto, prime minister, said.

Speaking in London on her way back from talks at the United Nations in New York, she said the plan involved a "pretty barsh" budget, but she indicated the understanding fell short of a full agreement that would allow Pakistan to a different way," she added. loan negotiated last December. had fallen below target debt repayments.

Continued from Page 1

shares overseas.

cessful, it will probably be foi-

lowed in several years by a

New York listing and a much

larger international fund-

raising exercise. Over the next

few years Gazprom is expected.

to place up to 9 per cent of its

The placement could pave

the way for a string of Rus-

sian companies to raise money

abroad to meet their desperate

need for capital. It would also

put Russia firmly on the

investment map for western

Europe today

will have many showers and thunderstorms as a low pressure area develops near Sicily. Most of western and eastern Europe will have sunny spells. An area of Poland, Scandinavia and the British Isles will have light rain. The Balkans, Italy, Greece and the Aegean Sea will have thundersto Portugal and Spain will have

sunny spells and temperatures as high as

sunny spells and showers Five-day forecast The Meditteranean will have frequent thunderstorms and heavy showers as an area of low pressure slowly moves from Sicily towards Turkey. The UK and Scandinavia will have rain. Most of Europe

An improved relationship with the IMF was more important than fixing draw-downs on the loan, she said. These have been blocked because of the country's failure to meet its economic targets.

Ms Bhutto said the government had sufficient resources to meet the foreign debt repay-ments even without fresh credit from the IMF. "We have never defaulted on

any external commitments, nor will we," she said. "We were hoping for a more sympathetic hearing from the IMF, but I think it's to help the

Gazprom shares offered at a premium

A few Russian companies.

such as Lukoil, the country's

biggest privatised oil pro-

fully launched similar pro-

grammes. But the sheer size of

Gazprom, which accounts for

7-8 per cent of Russia's gross

domestic product, and its

importance in the European

economy, should ensure even

A prospectus published

today to coincide with the

start of the roadshow shows

that Gazprom's gearing - its

ratio of debt to equity - is just

over 2 per cent. This is

FT WEATHER GUIDE

greater international interest.

ducer, have already succ

bankers that they look at it in

because of the wave of strikes that followed the introduction of a sales tax on goods and services in her budget in

The IMF has been urging Pakistan to hold its budget deficit to 4 per cent of gross domestic product, a level agreed when the IMF standby loan was negotiated, and has been concerned that the revenue targets from the sales tax were unrealistic.

With reserves now down to \$1.2bn compared with \$1.7bn before the June budget, the delay in drawing down the IMF loan has caused concern that Pakistan may face diffi-

tacted about the Gazprom deal

effects of possible attempts by

sceptical about the

interbank market.

dealers to exploit the price differential that will emerge r, expect dealers to try to build financial bridges between the two. The com-

debut for schemes

Clay Harris in London

Currency speculation moves to the Internet today, with the launch of a new scheme aimed at wealthy investors. Currency Management Corporation, a London foreign exchange market-maker, is offering clients a 24-hour service for placing orders using the Internet.

But currency market experts say the Internet is unlikely to overtake established bank systems as a means of trading. Moreover, similar currency

schemes - using traditional trading methods - are facing tighter regulation across Europe after complaints by investors who have lost huge sums very quickly.

Mr Peter Bartko, chairman of the EBS Partnership, a leading electronic broking system, said the difficulties of estab-lishing credit and liquidity over the Internet meant it was likely to be used only as a method of taking orders. Mr Richard Camotto, an

independent consultant to the Bank of England on foreign exchange, said the volatility of the currency market meant that using the Internet would be suspect because of transmission delays.

As total daily turnover in the currency markets exceeded \$1,000bn, it would be a long time before Internet dealing made any impact, Mr Camotto said. "I can't imagine it would appeal to corporate clients, but I may well be proved wrong."

Potential customers must open an account with CMC, which involves a minimum margin deposit of \$20,000. Customers with accounts can use a personal computer program and a modem to access a special Internet site, which displays current market prices for currencies alongside the price offered by CMC.

By using a mouse to click on the CMC price, clients can send an order for the currency wish to buy The order is then executed by CMC's dealers in London, who purchase the currency on the

CMC's clients are able to "roll over" currency deals that they have not settled - called an "open position" - by paying interest between the date the currency order was made and the date it is settled. If a currency bought on the margin falls in value, the client can "roll over" the deal in the hope

it will regain its value. CMC is one of 20 commanies eeking authorisation from the UK's Securities and Futures Authority to offer such investments. It has interim permission to operate, but investors have no protection under the UK's Investors Compensation

Anglo's mining interests could do

control but does not own entirely. Why should Anglo bother with a value-enhancing strategy? After all, outside shareholders cannot bring pressure for change, since the Oppenheimer family is firmly in control. Nor does Anglo have any immediate need for cash, though some subsidiaries do.

The answer is less to do with need than opportunity. In the post-apartheid era, Anglo has greater scope to expand its international mining interests. And rich though it currently is, the group is unlikely to have sufficient resources to grasp all the attractive opportunities. Hence the logic of selling non-core assets. Moreover, Anglo may at some point even need to raise equity. By taking measures to enhance shareholder value now, the Oppenheimers would face less dilution if and when that happens.

Convergence trades

These are heady times in Europe's high-yielding bond mar-kets. Renewed optimism about Spain and Italy participating in European monetary union has sparked a sharp rally in both countries. Spreads over German bunds have dived below levels last seen in the bull market of 1993. Then, the Federal Reserve's decision to raise lies in falling short-term German cial controls, but they should

THE LEX COLUMN

New glow at Anglo

How radical is Anglo American prepared to be? The launch of a strategic review does not guarantee big changes. While the disposal of some non-core assets is on the cards, full-scale unbundling of the giant South African mining-based

conglomerate is not.

The scope for the group to add value through restructuring is prob-ably immense. There is no strategic logic in holding nearly a third of its assets in financial services, con-sumer industries and heavy indus-tries. Anglo's long chains of command are cumbersome at the best of times; with competition intensifying as the South African economy opens up, managing a swathe of unrelated companies is unlikely to be successful. Moreover, a wellcrafted disposal programme should realise premium prices for Anglo's controlling stakes; at present, it trades at a discount to the sum of

with a reshuffle too. Not only is capital tied up in mines such as Gold Fields of South Africa, which Anglo does not control; often cash is trapped inside businesses it does

much faith in the short te the inflationary prospect new currency arguably ma siderably more. If a bro Emu really is on the cards steepening of the Germ: curve looks inevitable.

Audit committees

Companies such as Olivetti gesellschaft and Credit L make it clear that Europe rate governance leaves a l desired: International inves-already fighting for better sure, more non-executive (and an end to cross-sharely They might also start to p

Staffed predominantly executive directors, audit tees do not pore over the accounts. Rather, they over financial reporting proces some responsibility for fi controls and serve as an i dent contact for internal an nal auditors. But while aud mittees are mandatory in and widespread in the UK. practically unknown in I France's Vienot report on co governance makes scant re to them. In Germany, there of splitting the supervisor into dedicated committee change will have to await me

incompetent or breaking th Unfortunately, a string of codisasters suggests the systa lost any teeth it once had.

and Spain: their inflation perfor-

mances continue to improve, plans

for hefty fiscal belt-tightening

promise further progress and the

currencies have been stable. Mar-

kets are also only in the early

stages of adjusting to the higher

There remain, however, serious

risks. First, governments will find it

extremely difficult to deliver their

ambitious fiscal promises. Second,

markets have been cowed into believing that what Europe's politi-

cians want, they get. In a global

economy, this may be too simple.

The US, for example, has just

woken up to Emu. At the moment it

is suitably non-committal, but it

might not remain so if Emu threat-

ens to produce sustained deflation

in Italian or Spanish Emu member-

ship grows, the yield spread

between their bonds and German

bunds should narrow. But this is

likely to happen in two ways, not

one: not only will their bond yields

fall, but the yield on bunds is also

likely to rise. The reason is that, as

Emu's likely membership becomes wider and less Germanic, scepti-

cism over the hardness of the euro

bunds will come to be denominated

can only grow.

in which long-term German

In fact, the reverse has occurred

in recent months: bund yields have

Moreover, as market confidence

in a leading export market.

probability of Emu membership.

into a tailspin. How far can the audit committees. present rally go? Theoretically there is scope for considerable further advance. High yields are the price markets emand for exchange rate instability and poor inflation records; as these risks fall, lower yields are jus-tified. This is the case in both Italy

> eral reform of company law Ironically, given Olivetti' lems, Italy probably has tr respectable alternative to a committee - the Collegio Si This is a board of statutor tors, usually three or five appointed by shareholder. attend board meetings (tho not vote), verify the accour can call a shareholders' me they believe the director

Of course, Anglo-Saxon audit committees are not a p They are unlikely to uncove sion of the sort that was inflated profits at Wickes, th ish DIY group. And even in t their power could still be been currently, they are merely i mended by the Cadbury report could the London Stock Exc not include them in its ! requirements? Audit comm ended abruptly when the US fallen. The immediate explanation are no substitute for proper

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